CABLE BAHAMAS LTD • 2010 ANNUAL REPORT

The new Cable Bahamas logo has been developed to represent our “re-invented” company. The imagery of the symbol is dynamic and fiery. **REVolutionary.** Yet, it still captures the warmth of our local Bahamian sun and spirit. It truly implies, “Technology Unleashed.” Our new identity will lead us into an exciting future of new products and services built on a reputation of innovation, quality, and reliability.

REV

Revolution starts with "REV" and **REV** is the name of our Triple-Play family of services (TV, Online and Voice). It's the most complete bundle of products and services ever available in The Bahamas. Today, we bring you **REVTV** with more high-definition channels, Video-on-Demand, and quick searching. Today, we bring you the power of **REVOICE** (think rejoice!), the clearest phone technology in the business. Today we bring you **REVON**, with the fastest Internet speeds this side of the sun. And the coolest thing? Or should we say the hottest thing! This is only the start. **Welcome to the Revolution.**

REVTV

Introducing **REVTV,** an explosion of new cable technology and incredible content. Never before has your remote given you so much control. With **REVTV** you get the freedom to choose from over 400 of the hottest channels, more high definition programming, quicker searching, better Video-on-Demand options, and all of your favorite movie, sports, music, and radio channels. It's part of the new powerful **REV** triple play of **REVTV, REVON** and **REVOICE.** And it's only from Cable Bahamas.

SELECTED FINANCIAL RESULTS

2006 TO 2010

[THOUSANDS EXCEPT PER SHARE NUMBERS]

	2010	2009	2008	2007	2006
REVENUE	**$ 88,862**	**$ 84,696**	**$ 81,461**	**$ 75,963**	**$ 65,950**
OPERATING EXPENSES	(46,936)	(39,058)	(38,676)	(37,829)	(33,141)
	41,926	45,638	42,785	38,134	32,809
Depreciation and amortisation	(14,724)	(13,552)	(12,500)	(11,370)	(9,866)
Operating income	**27,202**	**32,086**	**30,285**	**26,764**	**22,943**
Interest expense	(2,410)	(1,910)	(2,349)	(2,696)	(2,168)
Dividend paid on preferred shares	(4,800)	(1,650)	(2,050)	(2,450)	(2,675)
Net income and comprehensive income	**$ 19,992**	**$ 28,526**	**$ 25,886**	**$ 21,618**	**$ 18,100**
Purchase of treasury shares	-	(245)	(715)	(662)	(1,831)
Dividends paid on ordinary shares	(4,367)	(5,503)	(4,727)	(4,743)	(4,780)
Retained earnings, beginning of year	111,804	89,026	68,582	52,369	40,880
Retained earnings, end of year	**$ 127,429**	**$ 111,804**	**$ 89,026**	**$ 68,582**	**$ 52,369**
Operating income per ordinary share	**$ 1.39**	**$ 1.63**	**$ 1.54**	**$ 1.36**	**$ 1.16**
Net income per ordinary share	$ 1.02	$ 1.46	$ 1.32	$ 1.10	$ 0.92
Shares outstanding	19,632	19,632	19,659	19,713	19,781

REVON

Introducing **REVON** – the fastest Internet speeds this side of the sun. **REVON** is up to 5x faster than phone company High Speed Internet and lets you download photos and videos at lightning speed. **REVON** features six e-mail addresses, access to e-mail from any Internet connection and Internet security tools. With the speed, security and support of **REVON,** everything from online shopping to paying your bills is faster, easier and more fun. It's part of the new powerful **REV** triple play of **REVTV, REVON** and **REVOICE.** And it's only from Cable Bahamas.

MESSAGE FROM THE CHAIRMAN

A NEW ERA

Two thousand ten was a transformational year for Cable Bahamas with one of the more significant highlights being the granting of an Individual Operating License and an Individual Spectrum License by the Utilities Regulation & Competition Authority (URCA). The ability to participate in all segments of the Bahamian telecommunications market has been a long-term goal of your Company. The grant of these licenses has opened significant new revenue opportunities for Cable Bahamas.

OVERCOMING CHALLENGES

Our first full year working under the new telecom administration has brought both challenges and welcomed new possibilities for your Company. This new regime, which effectively came into force in the last quarter of 2009, has greatly influenced the way we do business. As a result, your Company has been subject to operational restructuring, higher government and regulatory costs, and an organized procedure-based framework. URCA also imposed significant conditions on the Company which were required to be satisfied prior to being allowed to provide any new communications services. However, despite the onerous nature of some of the changes, we are pleased to report that as at the end of the year, your Company has successfully complied with all obligations imposed by URCA, thus paving the way for us to execute our plans to provide new services.

Apart from the challenging and demanding regulatory environment faced in 2010, your Company also had to contend with the continued negative impact on the Bahamian economy of the far reaching effects of the global recession. It is especially encouraging that your Company was able, despite the pressures faced, to still experience growth and demonstrate value creation for all shareholders. With the liberalization of the communications market, competition is now able to become prevalent throughout The Bahamas and your Company is proud to be a part of this wave of change, and will continue to provide true customer service and lead the way in the broadband, data and video markets.

GOING DIGITAL

One of the obligations URCA imposed during the year was for Cable Bahamas to offer a wholesale and standalone broadband offering to other license operators and residential customers respectively. We believe that although this was not a welcomed decision on our part, we nevertheless accepted the decision. As a direct result, we embarked on a demanding $4 million digitisation programme on New Providence, Abaco, Grand Bahama and Eleuthera. By the end of the year, almost 20% and 10% of our customers on New Providence and Grand Bahama respectively were converted and received all-digital services in their homes. This project, which is scheduled to be completed during 2013, will provide every consumer on the four noted islands the ability to immediately order the full suite of premium digital services, inclusive of Video-On-Demand offerings.

THE REVOLUTION IS HERE

With the start of this new era, we have undertaken a rebranding campaign which includes our new logo and fresh graphics, as well as a much more dynamic website, all under the brand name **"REV."** The new visual identity was designed to resonate with our customers and reflect the expanded scope of our service offering while providing a platform for creative execution. As such and under the tag-line ***"Technology Unleashed,"*** we will endeavour to provide next generation broadband and telecom services, increased reliability and new products that

Bahamians will be proud to adopt in even greater numbers. We believe and are convinced that a Cable Bahamas revolution has truly arrived as we bring the first true suite of triple play services to The Bahamas – **REVTV, REVOICE** and **REVON.** The potential for growth is significant and we are on the move and in pursuit of it.

In October, we made an application to URCA, to approve the merger application of our long-standing interest in Systems Resource Group (SRG). We are very pleased to have received approval to acquire SRG, who has been delivering voice and data services under the IndiGO Networks brand for the past seven years. We completed the acquisition in April 2011 and feel the acquisition of the operating business, as well as the 200 megahertz of spectrum, will provide an excellent opportunity to enhance our service offerings.

The total annual Bahamas telecommunications markets, as estimated by URCA, is $460 million of which Cable Bahamas, in combination with SRG, holds a 21% market share. Excluding the mobile telephone market, which is approximately $170 million annually, Cable Bahamas' market share is approximately 34%. We certainly see opportunities for expanded market share in the fixed line business, but unless we are successful in participating in the mobile business, which will not be achievable for four years, our annual growth will likely be in the low double digits. Your board of directors is evaluating other growth opportunities.

CORE STRENGTHS

Existing business units continue to perform well and have remained resilient through difficult economic conditions. The decisions taken by the management team in the quest for growth and operational efficiency has allowed your Company to stay the course on growth and value creation for all shareholders. Consolidated revenue rose 5% to nearly $89 million as Bahamian households are continuing to choose Cable Bahamas in ever greater numbers as their broadband provider. At the close of the year, the Company was nearing its target of 47,000 customers; a goal that many observers long believed was not achievable. Furthermore, our relationships with all households are becoming increasingly valuable as more customers choose to take additional products such as high definition and premium digital services. By the end of 2010, we witnessed a 20% growth in both high definition and digital customers. This strong response from customers is a powerful endorsement of Cable Bahamas' approach to business: taking calculated risks, innovating, investing and competing strongly and fairly. Our belief is that companies that embrace change and are open to more choice in this way should have the opportunity to enjoy the fair rewards of success. It is due to these sentiments, that the Company was compeled in both 2009 and 2010 to increase the dividends payout to shareholders by 14% in both consecutive years, a cumulative 28% improvement.

ACHIEVING GOALS

Our commitment to extending the network, offering more services and increasing local programming continued throughout the year. Building upon the network of the off-air digital services previously provided to seven family island sites from Walkers Cay to Farmers Cay, Exuma, we also installed three additional sites last year in Mangrove Cay, Kemps Bay, and Guana Cay, Abaco with the help of a financial contribution from the Government. By mid-2011, it is our intention to complete a further six sites and on completion, approximately 3,000 homes from the Abaco Cays to Ragged Island will have the ability to enjoy broadcasted digital signals.

In mid-summer, our telecom network group, in preparation for our entry into the voice market, began the installation of our next generation Nokia Siemens telephone switch, the market-leading hiQ 8000 soft switch platform, which forms a foundation for high-quality voice services and enables your Company to scale its deployment of next-generation applications. Also, during the latter part of the year, partnering with HBO Latin America, we launched our HBO Video-on-Demand (VOD) service offering over 120 hours of programming to the islands of New Providence, Abaco, Grand Bahama and Eleuthera. VOD gives our subscribers the easiest way to watch their favorite movies or television series at their convenience. We are also witnessing greater interest in our all fibre-to-the-premise services as we installed this advanced technology in two master-planned communities in New Providence. These all-optical access fibre solutions are designed to deliver high bandwidth broadband, HD video and digital voice services as one package.

THE FUTURE

As we move into the next financial year, we are excited about the scale of the opportunities, more specifically that half of The Bahamas' households have yet to choose a premium pay TV service and almost 40% of our existing TV customers do not yet subscribe to broadband from Cable Bahamas. In addition, with almost 45,000 homes instantly eligible to subscribe to fixed line services, Cable Bahamas is very well positioned to take advantage of these opportunities.

The results achieved in 2010 were only possible because of the commitment and effectiveness of all our colleagues at Cable Bahamas. On behalf of the Board, I would like to express warm thanks to them for their contribution to the Company over the year, and also express appreciation to all shareholders for their continued support.

Philip Keeping
Chairman
May 14, 2011

CHAIRMAN'S MESSAGE (continued)

TRIBUTE TO DR. KEVA M. BETHEL

With deep sadness, we acknowledge the loss of a member of our corporate family and dear friend Dr. Keva M. Bethel who died on Tuesday, February 15, 2011. Keva was a director and member of our very first board in 1995. She chaired The Cable Bahamas Cares Foundation from 1997 until 2010 and was Trustee of the Cable Bahamas Shares Trust. Cable Bahamas was extremely privileged to have Dr. Bethel as part of its board of directors and family at large. For 16 years, she played a pivotal role in the success of our Company, and we are all deeply saddened by her death. Her leadership, mentoring, friendship and invaluable service can not be replaced. Cable Bahamas would like to extend our heartfelt and deepest condolences to Dr. Bethel's family and express our sincere gratitude for the priceless service given over the years. We are forever grateful!!

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT OUR BUSINESS

2010 was the first full year of Communications liberalization and Cable Bahamas moved steadily towards achieving its goal to be recognized as The Bahamas' leading telecommunications company. We continued to successfully execute our strategic imperatives inclusive of improving our customer care service, maintaining a competitive cost structure and accelerating our voice product offering to commercial and residential customers.

Our revenue performance was encouraging as positive growth in all areas of our business segments was achieved. This was complimented deliberately as we focused significantly on operational cost efficiencies throughout the entire organization, while placing targeted emphasis on strengthening our people, products and network performance in the face of impending competition.

Noteworthy was our success in reaching over 1,950 or 7.5% more premium video subscribers, partly as a result of our digitalization mandate. These results were refreshing considering declines seen in previous years from this discretionary service. Our superior broadband Internet services ended the year at over 46,000 inclusive of residential and business subscribers, while our data product offerings remained the commercial products of choice for Bahamian and international resident companies. During the year, we also installed and put into testing our next generation voice switch to propel us forward to offer voice services and to become the only telecommunications company in the history of The Bahamas to offer a true triple play. Complimentary to this was concluding the agreement to purchase Systems Resource Group (SRG) which will further strengthen our bridge to the local residential and commercial voice market.

In 2010, Cable Bahamas also experienced a full year under the new regulator, the Utilities Regulation and Competition Authority. In its final SMP decision, URCA imposed three obligations on Cable Bahamas that were required to be satisfied prior to being deemed compliant to compete in other communications areas such as fixed line voice services. These obligations included: Untying of broadband packages from pay TV packages, offering a resale broadband product and Accounting Separation. By years' end, we had met all of our obligations and received confirmation in early 2011 from URCA on compliance with all the obligations which effectively paved the way for the Company to 1) consummate the long-standing SRG acquisition and 2) compete in new markets including fixed line voice.

Early in 2010, we also formed a new partnership with the Nassau Guardian's News Team, re-launched our evening NB12 newscast and also added The Bahamas Real Estate Channel to the Cable Media suite of products. Our commitment to our community was also continued by awarding grants to local community organizations; which have now exceeded $1.7 million since inception.

STRATEGIC IMPERATIVES

Improving Customer Care Service

Improving customer care service at every level, whether it is at our call centres, at customers' premises, at our e-portals, at cash stations or at our information desk; it is our mandate that a Cable Bahamas customer receives the most positive experience while helping our Company stand out in a competitive marketplace. In 2010, our Customer Care Department was restructured, allowing for supervisors to be crossed-trained and rotated in all areas of the department. Additionally, new trainees were hired and call center staff were trained to analyze issues via customer diagnostic screens in order to alleviate truck rolls. At all service contact points which require customers to interact via telephone, measuring statistics and standards have been implemented to ensure that customers do not wait for extended periods of time before their issues are addressed. So whether a customer calls in for a balance inquiry or to check on an installation schedule, the standard is that assistance is provided within seconds of call engagement. These metrics have been extended into the field such that dispatch functions and technicians have the ability to address customers immediately upon receipt of incoming calls. In fact, technicians have the ability while on the go to respond instantaneously to customers. Timely scheduling of customers and the reduction in the targeted booking days on service calls and overall increased productivity in the field was accomplished as a direct result. These efforts were supported and complemented by the Information Technology Support (ITS) teams for residential and commercial technical support which continued to achieve performance level objectives operating under the *"First Call Resolution"* model. We also introduced e-mail bill reminders, ***"Bill View"*** via channel 810 and the ability for customers to receive balances via our ***Integrated Voice Response (IVR)*** system initiatives, designed to reduce the call volumes from billing and other inquiries.

Achieve a Competitive Cost Structure

To fund technological investments in the future and also create ongoing value for our over 2,000 shareholders, Cable Bahamas is committed and will continue to aggressively pursue operating cost efficiencies and productivity gains throughout the entire Company. Our pledge to controlling costs at every level has become a part of the fabric of the Company. In every decision made in the recent past we've sought efficiencies. For example, with the ***"One Tech Solution"*** utilized by the Engineering teams, the ***"First Call Resolution"*** in ITS, and the internal review process for new technology and services creation in our IT Lab environment have all contributed to minimizing operational costs. We have also introduced new communication tools for our operations field teams and dispatch personnel which have positively supported our operational results. In addition to these operational improvements, significant efforts were also made in increasing staff training and exposure throughout the Company inclusive of restructuring our sales, marketing and media groups and increasing their effectiveness. We feel that with all these undertakings we are creating significant synergies and cost reductions across the Company while enabling us to deliver a better overall customer experience. These accomplishments will translate into greater returns and value to shareholders as further progress and advancements are made with these initiatives over time.

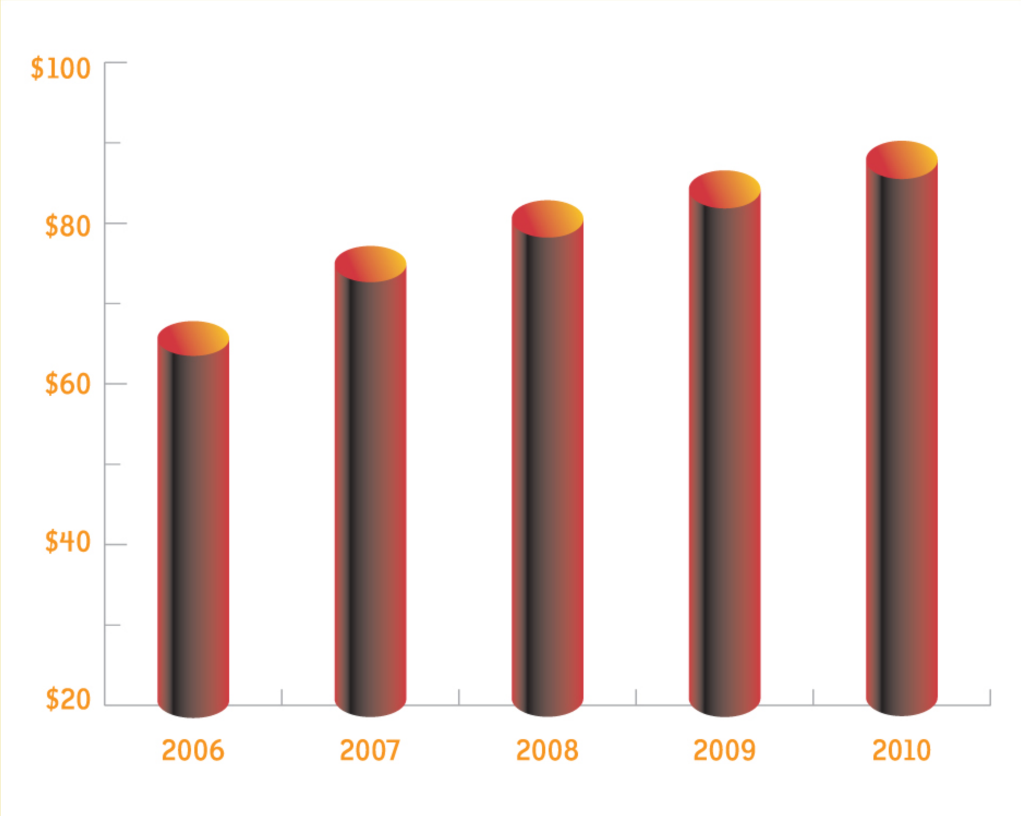
Accelerate Voice Product Offering

Cable Bahamas has made history once again as it is the first 100% owned, Bahamian managed and controlled company to offer triple play services encompassing video, broadband and telephony to the Bahamian public. We are confident that with the introduction of our triple play services, customers will have an enhanced experience as we provide more choice, faster services and even better quality and value to the market. To achieve these goals we have formed new partner relationships both locally and internationally, acquired the very best technology, devised new targeted sales channels, improved the efficiency of our order processes and billing platforms, increased mentoring initiatives and modified operations to provide superior customer service across our voice product lines. We are confident that our customer's experience with our new services will remain second to none, our products highly sought after and our people on the ready. It is expected that by mid-2011 a Cable Bahamas telephone will be a common denominator in Bahamian households.

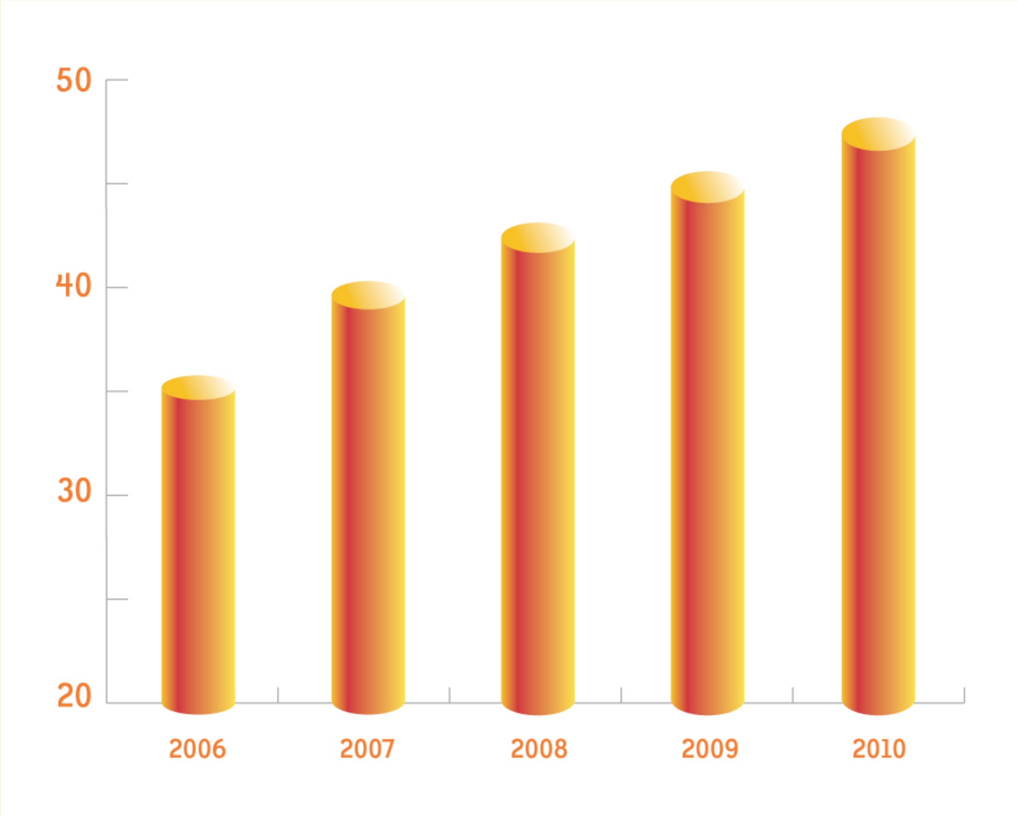
FINANCIAL RESULTS

In 2010, Cable Bahamas continued its track record as a revenue growth company with increases across all business segments. Cable TV revenues increased by $2 million or 4.5% due directly to increases in basic, premium, media and Pay-Per-View revenue of 2%, 8%, 40% and 10% respectively. Internet revenue grew by $1.5 million or 5.6% while data revenue increased by $0.7 million or 5%. In what has been a challenging economic environment, the cost of doing business in a newly liberalized industry also became excessively high and burdensome compared to 2009. Collectively an additional $3 million or 25% more than 2009, has been spent on Cable TV signal fees and Communications and license fees to the Government and the regulator, URCA.

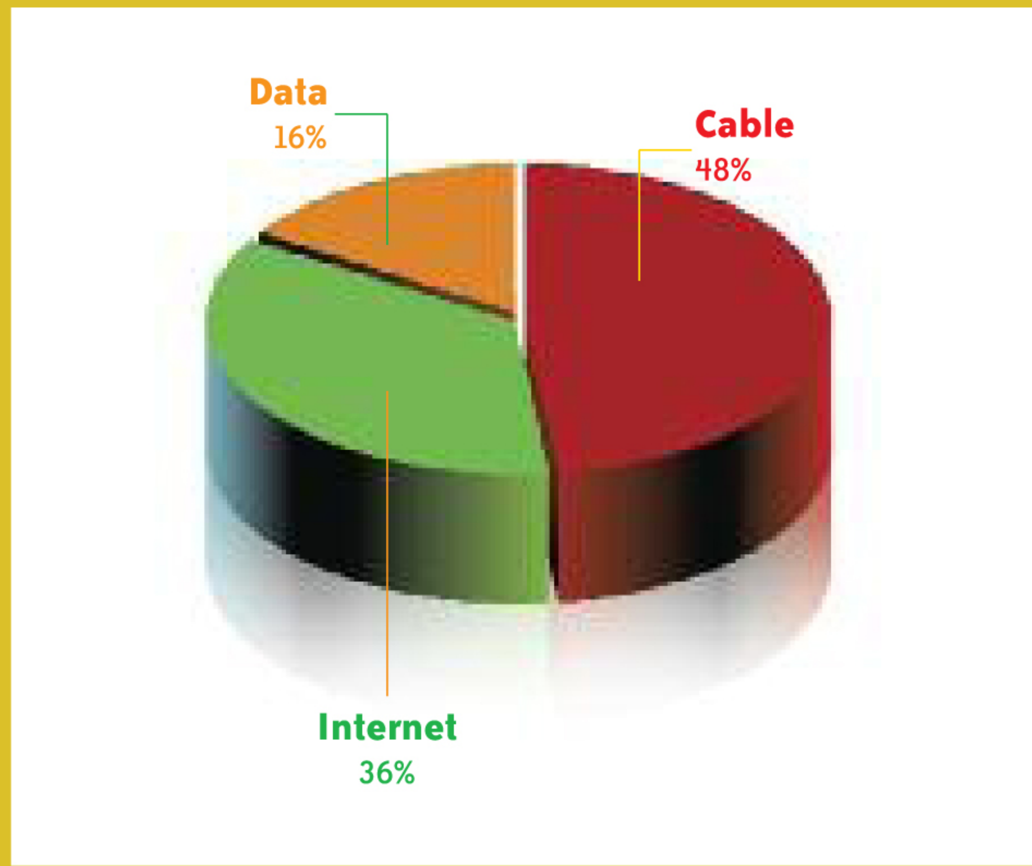
Total Revenue (2006-2010)
($ Millions)



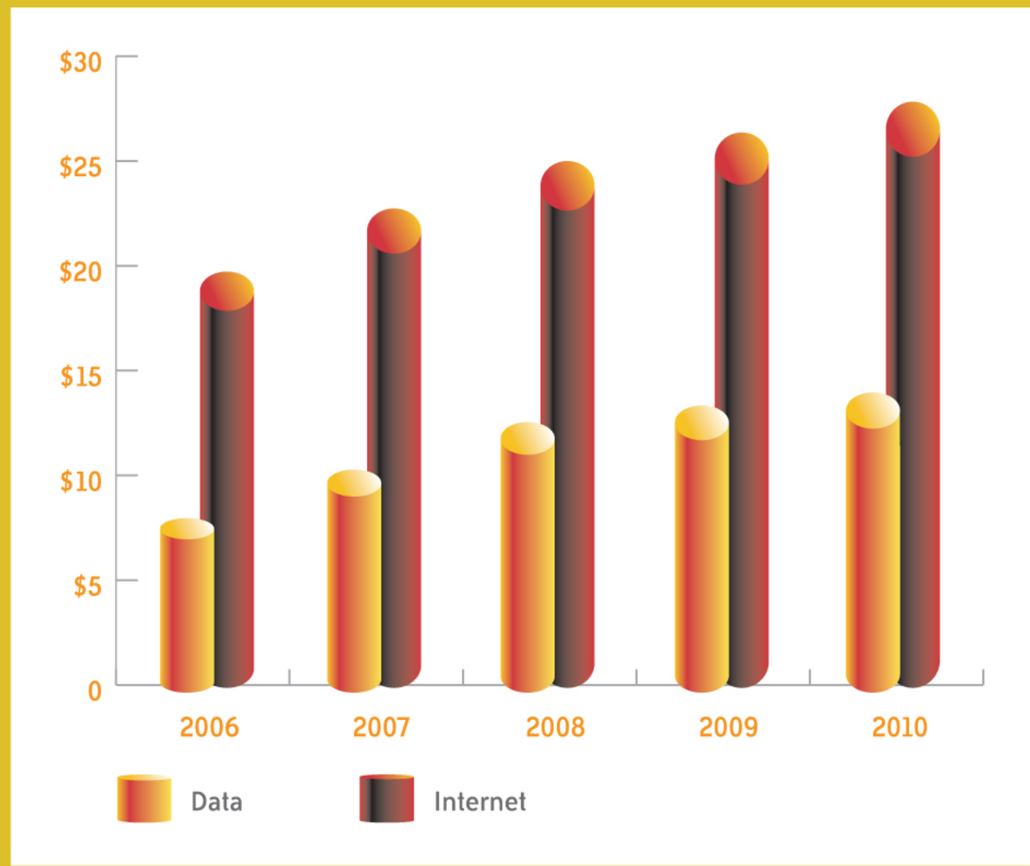
Internet Subscriber (2006-2010)
(Thousands)



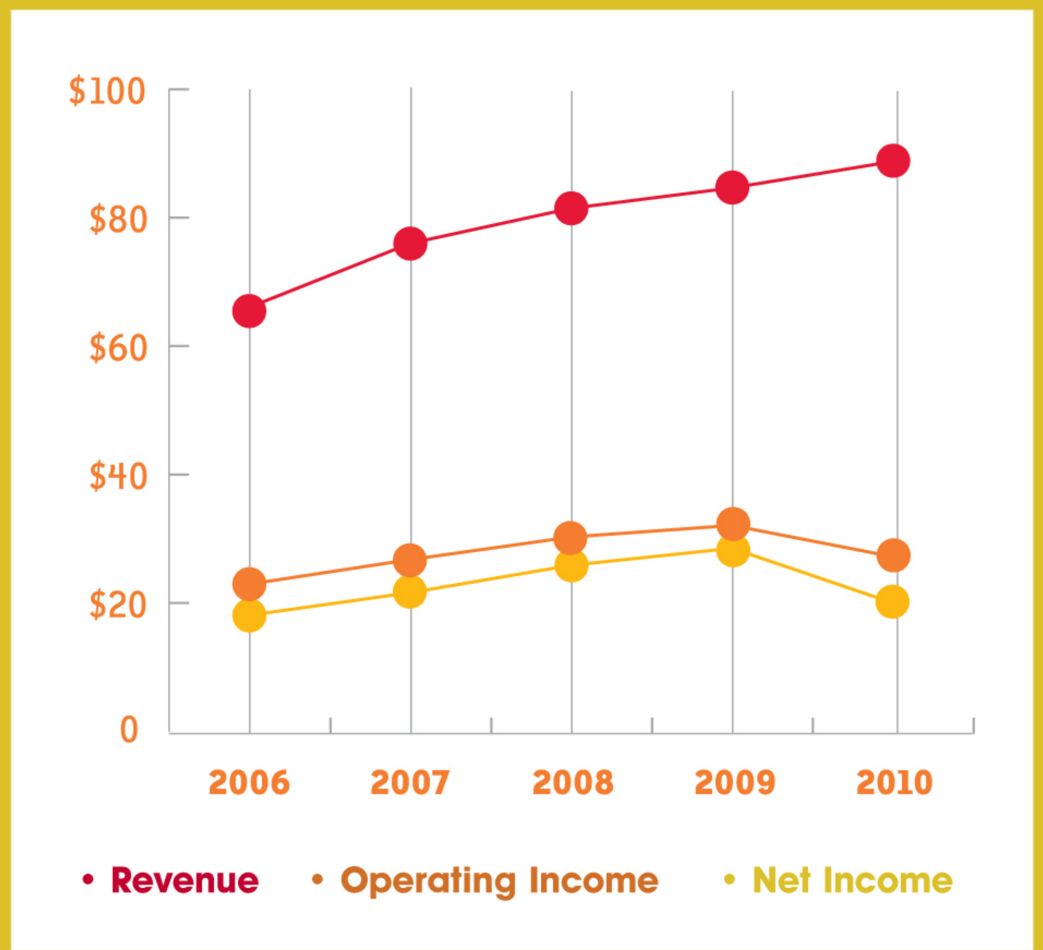
2010 Revenue by Business Segment



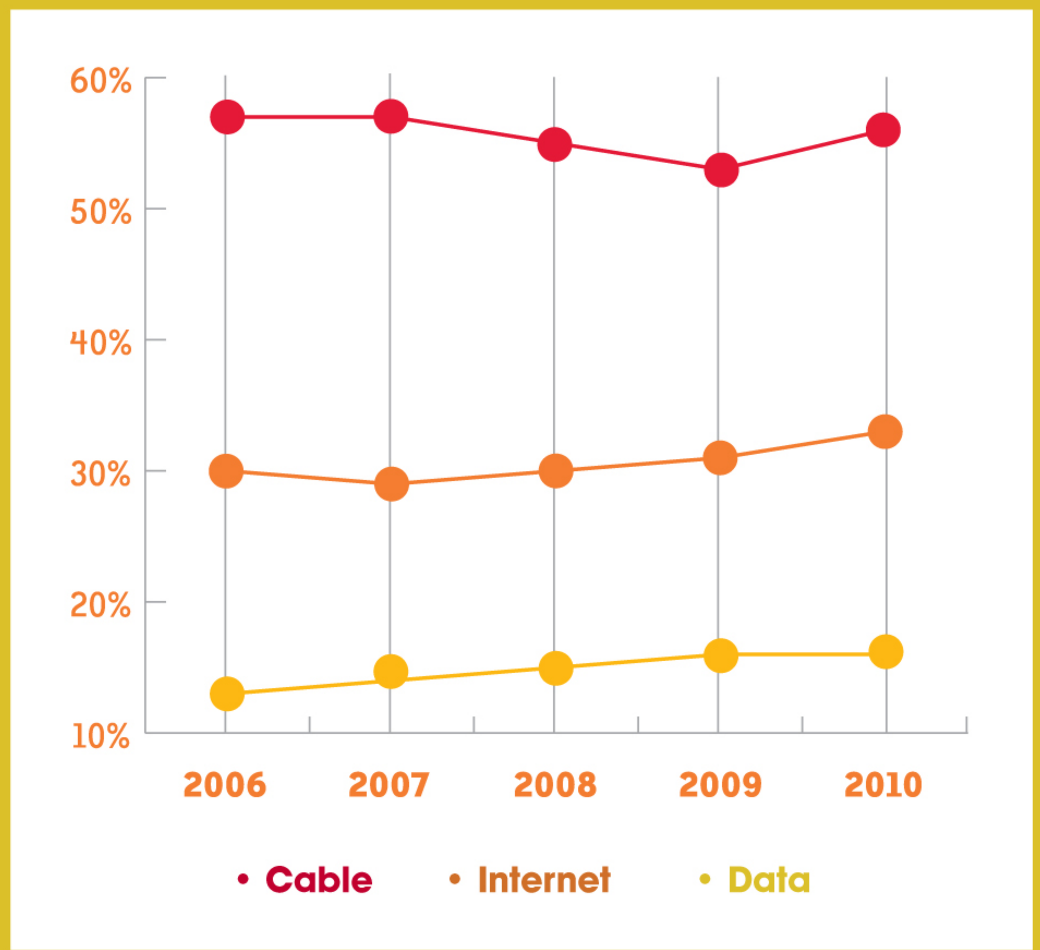
Data & Internet Revenue (2006-2010)
($ Millions)



Operating Summary (2006-2010)
($ Millions)



Revenue Composition (2006-2010)



When combined, Government and Regulatory fees alone represent approximately $5.6 million or 6% of gross revenues, a phenomenal cost. Other operating expenses compared to 2009, also increased steadily due mainly to the execution of our plans in preparation for triple play offerings. We invested companywide in our human resources by expanding training and adding personnel but only where necessary. We also restructured and increased the team numbers in our marketing and sales departments to prepare for new product offerings and for competition in the video business segment. We continued to invest in new technology and in the maintenance of our internal networks as well as the upkeep of our central office processing facilities and outside plant infrastructure; spending in excess of $16 million. Some unexpected cost increases were seen in the areas of electricity charges, staff benefits to National Insurance and health insurance premium increases. As a result of the aforementioned, earnings before interest taxes, depreciation and amortization (EBITDA) declined by 8.1% or $3.7 million when compared to 2009.

The noted increases in operating costs along with a number of significant transactions during the year also had a marked effect on net income as compared to the 2009 results. Preferred dividends and interest expenses as a result of debt refinancing and the issuance of preference shares, had the greatest impact and were directly correlated to funding the repurchase of shares from Columbus Communications. In addition, on the redemption of the series three $10 Million preference shares, the Company issued $20 million new series five 7% preference shares. These funding costs along with the already noted increases in operating costs caused net income to decrease by $8.5 million or a 30% decline as compared to 2009.

Cable Television

By year's end, Cable Bahamas had over 78,000 basic subscribers on its network up a modest 1% over the previous year. This translated into an increase in basic cable TV revenue of $0.4 million or 2%. Basic Cable TV revenue reached $27.9 million, representing 59% of Cable TV revenue and 31% of total revenue. It has been a challenge to maintain positive results in 2010 amid high churn which is still being impacted by sluggish retail sales, high unemployment and guarded consumer spending all brought on by the continuing impact of global economic woes. In light of this however, digital video premium services revenues were quite positive, increasing in total by 8% to $12.7 million which now represents 27% of Cable TV revenue and 14% of total revenues. By the end of the year, over 28,000 consumers subscribed to our digital services, which represents an increase of 7% over 2009. Meanwhile set-top box rentals performed phenomenally well showing an increase of 65% in revenue and ending the year with over 17,000 rental units on the network, an outstanding 157% increase. Cable Bahamas appreciates that customers continue to demand better quality products such as HD and digital video recorder functionality and they have not been disappointed with the offerings available. In fact HD services revenue, increased by 21%, a testament to this reality.

As a part of our commitment to keeping pace with video technological advancements, the Company has agreed with the regulator, pursuant to one of the imposed regulatory license obligations, to unbundle its Internet and video services through the full digitization of its video network. As a result of this technology upgrade, in approximately 24 months, all video consumers will have access to the most up to date digital video services available, inclusive of high quality HD, SD and VOD content. This initiative is labor intensive, time consuming and a very costly undertaking as additional network optronics are required for the video plant and at consumers' premises via set-top boxes. However at the end of the programme, consumers will have access to more choices than ever before. This is a significant investment for the Company and one it hopes to realize a return in the near future.

Broadband & Data

Broadband in many forums has been labeled the service of the future. In The Bahamas, this revolution is no less a reality. During 2010, this reality continued to flourish from all sectors of the community as the very best in broadband services continued to achieve high satisfaction levels with customers. Total broadband revenue grew to $27.9 million up 5.6% over 2009, while subscriber numbers approached 47,000, our highest levels ever. Broadband revenue now accounts for 31% of total revenue and contributed 36% or $1.5 million of the total increase in revenue over 2009. Our commercial broadband services revenues reached $11 million for the year and delivers vital connectivity to just under 4,000 local and international businesses. As a continued thrust to surpass expectations and as part of our ongoing revitalization of our broadband products, customers can look forward to seeing even greater broadband speeds in the near future.

Local institutional and international carriers are the main users of international data services in The Bahamas. During the year, the Company through a focused and concerted effort increased and built up its existing international partner relationships. This was accomplished through direct contact with all major international carrier partners and vendors, engaging consultants and adding personnel with significant experience in global communications. As a result, the Company has maintained a significant position in the international communications arena and retained the confidence of resident local and international establishments in the country. It is through these avenues that our data services continued to achieve positive results. One of the main boasts of the Company is that we can provide services to and from anywhere in the world via three redundant access points from The Bahamas to global networks. This unique triple route diversity has given Cable Bahamas the competitive means to compete in any communications arena especially in The Bahamas' newly liberalized communications industry. It is these noted accomplishments that have undergirded the fact that data revenue now accounts for over 16% of total consolidated revenues and has reached $13.9 million in 2010, an increase of more than 5% over 2009. This is exclusive of revenues of $0.7 million from from our carrier class data and web hosting facilities,
the envy of the region. It is the expectation that with such a reliable network supporting all business segments, that The Bahamas will have viable and sustainable competition for many years to come and the Company will have a solid foundation supporting its growth potential beyond broadband and data services, all under its new unleashed and converged communications license.

Media Services

For many years this untapped opportunity laid dormant. However in 2009, this business segment was awakened with the launch of channel space leasing and advertising on NB12. In 2010, the product offerings were expanded to include cross channel advertising and from the results seen so far it is evident that the Cable Media products have great potential and have become an integral part of the Company's suite of service offerings. By the end of the year all revenue objectives had been met and reached $0.6 million, an increase of 40% over 2009. The Cable Media division now currently offers three primary product lines ***1) NB12's NewsBreak***, which was re-launched in February in partnership with the Nassau Guardian; ***2) Cross channel advertising*** and ***3) The Bahamas Real Estate Channel*** which was launched in August 2010. The demand for these services has been overwhelming and plans are in the works to further enhance ***NewsBreak*** and provide even greater opportunities for customers to reach target market segments. New software management, scheduling and ratings tools have also been incorporated into the operations and customers subscribing to these services can expect even more from this segment in the near future.

2010 OPERATIONS HIGHLIGHTS

Network Enhancements

During 2010, the Network and telecom services team made enhancements to a number of critical monitoring tools used to manage customer services. These tools which provide operational and visibility to customer premises equipment and provides reports on usage efficiency and fault management have enabled the technical support team to be proactive in identifying and resolving customer affecting issues thereby significantly improving response times to commercial customers. Implementation of these advanced features provides a competitive advantage and is an integral part of our commercial customer service as overall reliability of connectivity is assured at all times. In addition to management tools, upgrades in bandwidth capacity of the core network was implemented to keep ahead of organic growth. We are also witnessing a movement of commercial customers from the cable modem DOCSIS platform to redundant metro all fibre connectivity services for their capacity, security and reliability needs which also contributed to the decision to increase capacity at the core network level. These increases will ensure that bandwidth availability to customers are kept at optimal levels at all times and in line with the quality and reliability to which customers have become accustomed.

In an effort to improve even further on commercial customer support, the commercial provisioning personnel crossed trained with the commercial support teams allowing for valuable knowledge transfer. This initiative has added flexibility to operations and ensures that there is always adequate coverage to attend to commercial customers' issues. The cross training has also improved the 24x7 commercial assistance coverage, which is in addition to the existing Network Operations Center's (NOC) monitoring, of all critical network elements.

The Engineering group continued its focus in designing, constructing, operating and maintaining the required infrastructure to support the Cable TV, broadband, broadcast, data and next generation services. The objectives of the 2010 capital projects were to sustain and improve the stability and performance of the network, increase both subscriber count and revenue, and enhance overall service delivery. These projects entailed undertaking work within the headend processing facilities, central office and also throughout the outside plant network infrastructure. The completion of these projects assures the stability and robustness of the network while also enhancing the delivery of both existing and new service offerings. The 2010 capital projects aimed to improve these areas by 1) deployment of the Aurora optical node throughout New Providence and Grand Bahama which realized additional bandwidth capacity on the network as well as allowed for a full digital transport on the return paths, 2) installation of hardware/software required for the integration of our VOD system to the network and billing systems, 3) upgrading of existing analog ad insertion system to a full digital platform, increasing capacity of channels for ad insertion from 32 to 200, and 4) improving overall network performance. Subsequently, some $16 million in capital project expenditures have been invested to solidify and grow our market share within the industry.

VOICE SERVICES

There has never been any dispute regarding the Company's interest in entering the voice segment of the telecommunications market. In developing the voice plans and strategy, a significant market study was carried out to ascertain the value that customers, both business and residential, ascribed to the Company and their expectations for voice services from Cable Bahamas. This was to assist in forging the foundation to establish market driven product offerings. Complimentary in this exercise was the identification of the key rebranding criteria that would support the progression of Cable Bahamas as the communications provider of choice in the country. The findings established that the market viewed CBL as an innovative leader in communications and a company capable of revolutionizing the industry. It also confirmed the strong equity in the name Cable Bahamas. Thus, as a result of the study, Cable Bahamas has adopted a new logo and product family name of **REV.**

In parallel with the market review, and as the Government's telecom liberalization process was nearing completion, CBL was able to consummate the long awaited and planned Systems Resource Group Company (SRG) acquisition. A major factor to the success of the transaction was obtaining URCA's approval of the transaction and in September 2010, a joint application was made to URCA to approve the acquisition of SRG. URCA notified the public about the proposed merger and conducted an investigation on the advantages and disadvantages of the transaction for the Bahamian consumer. URCA approved the transaction in February of 2011 and other ancillary approvals were received in March 2011.

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

During the time of evaluation and discussions with the regulator, CBL vigorously started planning for the eventual transaction closing and the launch of its own voice services under its new communications license. These plans included a significant restructuring of the marketing and sales operations and enhancements to other operational areas to ensure that all accommodations were made to provide voice services to the Bahamian market. In conjunction with this initiative, CBL also used this tremendous future voice opportunity to reaffirm its core values and planned to further illuminate its services to the public through a rebranding exercise that would be launched early in 2011. The launch of voice services and the rebranding initiative sent a wave of excitement and anticipation throughout the entire organization which ultimately overflowed to the local community. Preparations at all levels were commenced with great enthusiasm and were inclusive of both local and international initiatives. The Company involved its in-house staff talent significantly along with international consultants in the development of the Company's new logo, theme and artistic renditions that were to portray the vividness and liveliness of the Cable Bahamas spirit.

In addition, the Company also used the rebranding and voice launch initiatives as the backdrop to strengthen its ties with its international partners. As such, significant contracts and additional partnerships were formed in preparation for the delivery of voice services locally and internationally. These included international voice termination and interconnection agreements for both inbound and outbound settlements. The very latest in technology was also sought out and contracts and partnerships were formed for the provision of customer premises equipment and electronics for switching voice traffic from both an IP protocol perspective as well as from legacy platforms.

The communication industry and Cable Bahamas are witnessing an increased demand for converged communications services that are reliable and of superior quality. Through our new fixed line voice offering, we intend to offer a variety of personalized, high-quality services to business and residential consumers through enhancement of our existing network. In the year ahead, new services such as IP Centrex and web-based subscriber self-care products will allow businesses functionality to integrate voice services into existing office or web applications.

The addition and installation of the Nokia Siemens Networks' market-leading hiQ 8000 softswitch platform is at the heart of the new voice network and forms the foundation for high-quality voice services. It enables Cable Bahamas to scale its deployment of next-generation applications and provides geographical diversity, which ensures uninterrupted service at the core switch level. These features align with what has always been a core architectural design criteria of Cable Bahamas' fibre rich network.

In the latter part of the year, the Company applied and received its telephone number blocks from URCA and started the local interconnection processes with the other local voice service providers. This along with CBL's installation, preparations and process develop-ment, allowed the start of testing in the first quarter of 2011 of its new voice services inclusive of CLASS features to be offered. As anticipation continues to build to the day Cable Bahamas' phone services are resident in Bahamian households side by side with our broadband and video services, Cable Bahamas is confident that this strategic initiative will realize a significant benefit to the Company and its stakeholders.

OUR COMMUNITY INVESTMENT

The Community Channel Cable 12

2010 saw the rebranding and further development of Cable 12's anchor news programme ***"NewsBreak"*** under a new partnership between Cable Bahamas and The Nassau Guardian. ***NB12*** was the result! The rebranding of the newscast brought together the technical expertise of Cable 12's production unit and the news anchors and reporters as well as the credibility of The Nassau Guardians' long standing tradition of quality news in the country. The Bahamian public could now effectively, READ, LISTEN and WATCH its news through one collective unit. The technical look and feel of the programme received a boost with the complete renovation of the news studio to include an all-digital news gathering platform. In an effort to give ***NB12*** a truly Bahamian appeal, an original music score was commissioned and produced by local musician Fred Ferguson giving ***NB12*** its own unique sound in the market. ***NB12*** continues to be the fastest growing news programme in the nation, boasting an average of 35,000 viewers nightly for its premier airing at 7:30pm. Sponsorships continue to grow as ***NB12*** establishes its presence in the market. ***NB12*** is seen weekdays only on Cable 12 at 7:30pm, 9:30pm and 11:30pm.

The Cable Bahamas Cares Foundation

Since its inception, the Cable Bahamas Cares Foundation (CBCF) has received a total endowment of over $1.7 million and has disbursed the majority of this funding through the awarding of 320 grants to local community organizations, as well as to individual students and special projects. Since its inception CBCF has given grants to groups from New Providence, Andros, Crooked Island, Exuma, Long Island, Grand Bahama, Cat Island, Abaco and Eleuthera. In 2010, thousands of Bahamian youth benefited from summer programmes like the ***Friends of the Environment All Abaco Summer Environmental Camps.*** This CBCF funded youth camp brought together hundreds of Abaco youth from settlements all across the island to learn more about this ecologically amazing island and cays they all call home.

We are proud to know that over the years Cable Bahamas has had a positive influence in the lives of over 40,000 young Bahamians primarily through the summer programmes conducted by numerous well deserving organisations throughout the country.

2010

CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended
December 31, 2010
Independent Auditors' Report

Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cable Bahamas Ltd.:

We have audited the consolidated financial statements of Cable Bahamas Ltd. (the "Company") which comprise the consolidated statement of financial position as of December 31, 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

April 11, 2011

A member firm of
Deloitte Touche Tohmatsu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

ASSETS	2010	2009
CURRENT ASSETS:		
Cash	$ 11,607,018	$ 13,074,790
Funds held in escrow (Note 11)	-	83,800,000
Accounts receivable, net (Notes 4 and 16)	6,751,391	7,894,138
Prepaid expenses and deposits	1,631,192	899,524
Inventory	2,929,591	2,521,417
Current portion of long-term receivables (Note 6)	3,322,347	580,187
Total current assets	26,241,539	108,770,056
NON-CURRENT ASSETS:		
Investment in SRG (Note 5)	4,566,732	4,243,913
Long-term receivables (Note 6)	-	2,727,765
Property, plant and equipment (Notes 7 and 16)	162,568,919	161,015,768
Intangible assets (Note 8)	4,873,829	3,905,412
Total non-current assets	172,009,480	171,892,858
TOTAL	$ 198,251,019	$ 280,662,914
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Note 16)	$ 15,964,169	$ 14,635,554
Escrow funds payable (Note 11)	-	80,000,000
Deferred income	1,290,488	1,205,122
Current portion of long-term debt (Notes 9 and 11)	4,584,597	4,373,692
Current portion of preferred shares (Note 10)	5,000,000	15,000,000
Total current liabilities	26,839,254	115,214,368
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,754,294	5,658,928
Long-term debt (Notes 9 and 11)	44,515,922	68,371,445
Preferred shares (Note 10)	60,000,000	45,000,000
Total non-current liabilities	110,270,216	119,030,373
Total liabilities	137,109,470	234,244,741
EQUITY:		
Ordinary share capital (Note 11)	19,631,824	19,631,824
Treasury shares (Note 11)	(85,919,645)	(85,017,607)
Retained earnings	127,429,370	111,803,956
Total equity	61,141,549	46,418,173
TOTAL	$ 198,251,019	$ 280,662,914

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 28, 2011, and are signed on its behalf by:

Director Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

	2010	2009
REVENUE (Note 16)	$ 88,862,436	$ 84,696,490
OPERATING EXPENSES (Notes 14, 15 and 16)	(46,935,995)	(39,058,175)
	41,926,441	45,638,315
Depreciation and amortisation (Notes 7 and 8)	(14,724,412)	(13,552,481)
OPERATING INCOME	27,202,029	32,085,834
Interest expense (Note 9)	(2,410,369)	(1,910,042)
Dividends paid on preferred shares (Note 10)	(4,800,000)	(1,650,000)
NET INCOME AND COMPREHENSIVE INCOME	$ 19,991,660	$ 28,525,792
BASIC AND DILUTED EARNINGS PER SHARE	$ 1.02	$ 1.46

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

	ORDINARY SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
Balance at December 31, 2008	$ 19,659,074	$	$ 89,025,796	$ 108,684,870
Net income and comprehensive income	-	-	28,525,792	28,525,792
Dividends paid on ordinary shares	-	-	(5,502,387)	(5,502,387)
Shares repurchased	-	(85,017,607)	-	(85,017,607)
Shares purchased and cancelled	(27,250)	-	(245,245)	(272,495)
Balance at December 31, 2009	19,631,824	(85,017,607)	111,803,956	46,418,173
Net income and comprehensive income	-	-	19,991,660	19,991,660
Dividends paid on ordinary shares	-	-	(4,366,246)	(4,366,246)
Shares repurchased	-	(902,038)	-	(902,038)
Balance at December 31, 2010	$ 19,631,824	$ (85,919,645)	$ 127,429,370	$ 61,141,549

See notes to consolidated financial statements.

YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 19,991,660	$ 28,525,792
Adjustments for:		
Depreciation and amortisation (Notes 7 and 8)	14,724,412	13,552,481
Interest expense (Note 9)	2,410,369	1,910,042
Dividends paid on preferred shares (Note 10)	4,800,000	1,650,000
Operating cash flows before working capital changes	41,926,441	45,638,315
Decrease (increase) in accounts receivable, net	1,142,747	(876,763)
(Increase) decrease in prepaid expenses and deposits	(731,668)	63,839
(Increase) decrease in inventory	(408,174)	1,270,722
Increase in accounts payable and accrued liabilities	2,095,283	862,716
Increase in deferred income	85,366	130,592
Increase in subscriber deposits	95,366	287,222
Net cash from operating activities	44,205,361	47,376,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (Note 7)	(16,027,026)	(17,654,130)
Additions to deferred expenses (Note 8)	(1,218,953)	-
Additions to investment in SRG (Note 5)	(322,818)	-
Repayment of long-term receivables (Note 6)	317,064	956,270
Amortization of long-term receivables (Note 6)	(331,461)	(335,758)
Net cash used in investing activities	(17,583,194)	(17,033,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt (Note 9)	$ -	$ 6,000,000
Repayment of long-term debt (Note 9)	(23,644,619)	(9,370,483)
Decrease (increase) in funds held in escrow (Note 11)	83,800,000	(83,800,000)
(Decrease) increase in escrow funds payable (Note 11)	(80,000,000)	80,000,000
Escrow proceeds from long-term debt (Notes 9 and 11)	-	43,000,000
Escrow proceeds from issuance of preferred shares (Notes 10 and 11)	-	40,000,000
Shares repurchased (Note 11)	(902,038)	(85,017,607)
Redemption of preferred shares (Note 10)	(15,000,000)	(5,000,000)
Issuance of preferred shares (Note 10)	20,000,000	-
Interest on long-term debt (Note 9)	(2,410,369)	(1,910,042)
Shares purchased and cancelled (Note 11)	-	(272,495)
Dividends paid on preferred shares (Note 10)	(5,566,667)	(1,650,000)
Dividends paid on ordinary shares	(4,366,246)	(5,502,387)
Net cash used in financing activities	(28,089,939)	(23,523,014)
NET (DECREASE) INCREASE IN CASH	(1,467,772)	6,820,011
CASH, BEGINNING OF YEAR	13,074,790	6,254,779
CASH, END OF YEAR	$ 11,607,018	$ 13,074,790

See notes to consolidated financial statements.

1. GENERAL

Cable Bahamas Ltd. (the "Company"), a public company, was incorporated on September 19, 1994, under the laws of The Commonwealth of The Bahamas.

The Company and its subsidiaries provide cable television and related services, national and international data services, Internet access services, web hosting and business continuity services. The subsidiaries include Cable Freeport Ltd. ("Cable Freeport"), Caribbean Crossings Ltd. ("Caribbean"), Maxil Communications Ltd. ("Maxil") which are all incorporated under the laws of The Commonwealth of The Bahamas, and Cable Shares Trust (the "Trust"), which was created on November 30, 2009, under the laws of the Commonwealth of The Bahamas.

2. NEW AND REVISED INTERNATIONAL ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of January 1, 2010 which the Company has adopted:

IFRS 2 – Share-based Payment: Group Cash-settled Share-Based Payment Transactions effective January 1, 2010;

IFRS 3 – Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective July 1, 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39;

IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective July 1, 2009;

IFRIC 17 – Distributions of Non-cash Assets to Owners effective July 1, 2009; and

Improvements to IFRSs (April 2009): the effective date of each amendment is included in the IFRS affected.

The principal effects of these changes are as follows:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Company adopted this amendment as of January 1, 2010. It does not have an impact on the financial position or performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment has no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

Standards and Interpretations issued but not yet adopted

The Company has not adopted the following IFRS and interpretations issued by the IFRIC that have been issued but are not yet effective.

IAS 24 Related Party Disclosures (Amendment): Effective prospectively for reporting periods beginning on or after January 1, 2011;

IAS 32 Financial Instruments – Presentation – Classification of Rights Issues: Effective prospectively for reporting periods beginning on or after February 1, 2010;

IFRS 9 Financial Instruments – Classification and Measurement: Effective prospectively for reporting periods beginning on or after January 1, 2013;

IFRIC 14 Prepayments of a minimum funding requirement (Amendment): Effective prospectively for reporting periods beginning on or after January 1, 2011;

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: Effective prospectively for reporting periods beginning on or after July 1, 2010; and

The Directors anticipate that the Company will adopt the applicable Standards and Interpretations in the relevant future periods. The Directors do not anticipate that the adoption of the said noted Standards will materially impact the future financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance – These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, applied consistently for all periods presented.

The preparation of consolidated financial statements, in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation – These consolidated financial statements for the year ended December 31, 2010 include the accounts of the Company and its wholly-owned subsidiaries, Cable Freeport, Caribbean, Maxil and the Trust. All inter-company balances and transactions have been eliminated on consolidation.

Basis of preparation – These consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below:

a. Cash
Cash comprises cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

b. Accounts receivable
Accounts receivable are carried net of allowance for doubtful accounts. All subscriber receivables outstanding for 90 days or more are fully provided for. In addition, the credit quality of all subscriber receivables is monitored on a regular basis to determine whether any exceptions should apply to the policy and if any changes warrant an increase or decrease in the allowance for doubtful accounts.

c. Inventory
Inventory items are recorded at lower of cost or net realizable value, with cost being determined using average cost. All inventory items are transferred to fixed assets or operating expenses accordingly, as they are placed into operation.

d. Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives as follows:

Commercial buildings	40 years
Vehicles	3 years
Equipment	3–20 years
Cable systems	20 years
Fibre optic network	25 years
Web hosting systems	8 years

Improvements that extend asset lives, and costs associated with the construction of cable and data transmission and distribution facilities, including direct labour and materials are capitalized. Other repairs and maintenance costs are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

e. Intangible assets
Intangible assets are carried at cost less accumulated amortisation and net of any adjustment for impairment, and consist of the following:

Acquired franchise license
Acquired franchise license is being amortised on a straight-line basis over a period of 40 years. A period of 40 years has been selected because the Company has acquired an exclusive cable operating license through to the year 2054.

Acquired Internet contracts
Acquired Internet contracts are amortised on a straight-line basis over a period of 10 years.

Communications voice license
All of the cost associated with the new license will be amortised over 14 years on a straight-line basis.

The estimated useful lives and amortisation methods are reviewed at each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

f. Long-term receivables
Long-term receivables are carried at amortised cost net of any adjustments for impairment and consist of the following:

Finance lease receivable
Amounts due under finance leases are recorded as receivables equal to the Company's net investment in the lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the lease.

Promissory note receivable
Promissory note receivable is carried at amortised cost.

g. Impairment of assets
At each statement of financial position date, management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognized as an expense immediately.

h. Deferred income
Payments received in advance from subscribers are treated as deferred income and are recognized as income when earned.

i. Subscriber deposits
In the normal course of its operations, the Company requires its customers to make deposits relating to services contracted. These deposits are repayable to the customer on termination of contracted services, net of any outstanding amounts due.

j. Foreign currency translation
Assets and liabilities in other currencies have been translated into Bahamian dollars at the appropriate rates of exchange prevailing as of year end. Income and expense items have been translated at the actual rates on the date of the transaction and translation changes are recorded in the consolidated statement of comprehensive income.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as those assets are ready for their intended use. The costs are added proportionately to the qualifying assets over the period in which the assets are being acquired, constructed or produced.

l. Financial Instruments:

Financial assets

Financial assets are designated as either, a) financial assets at fair value through profit or loss, b) held-to-maturity, c) loans and receivables and or d) available for sale. All financial assets are carried at fair value or at cost if they have no quoted market price in an active market or the fair value cannot be reliably measured.

m. Basic and diluted earnings per share

Net comprehensive income per ordinary share is calculated by dividing net comprehensive income for the year by the weighted average number of ordinary shares outstanding during the year. There are no dilutive items and thus there is no difference between the basic and diluted earnings per share.

n. Retirement benefit costs

Employer's contributions made to the defined contribution retirement benefit plan are charged as an expense as they fall due.

o. Share-based payment

The Company has in place a cash-settled share based incentive plan for key management and executive employees. Services acquired and the liability incurred in relation to the plan are measured at fair value over the term of the plan with any changes in fair value recognized in profit or loss in the period incurred. The fair value of the liability is determined using the Black Scholes Option pricing model.

p. Related parties

Related parties include shareholders with shareholdings of 10% or greater of outstanding common shares, senior executive officers, directors, and companies that are controlled by these parties.

q. Revenue recognition

Revenue from the sale of services is recognized when the installation of the services is completed or when revenue is earned. Depending on the installation completion date, revenue is recognized on a pro rata basis in the period in which the installation occurs.

r. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

s. Operating leases

The Company rents poles and other support structures under operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net comprise of the following:

	2010	2009
Subscribers	$ 6,665,843	$ 5,944,252
Other	734,638	2,618,976
	7,400,481	8,563,228
Allowance for doubtful accounts	(649,090)	(669,090)
	$ 6,751,391	$ 7,894,138

Aging of past due but not impaired:

	2010	2009
30 – 60 days	$ 3,813,229	$ 2,448,044
60 – 90 days	1,285,784	1,802,860
	$ 5,099,013	$ 4,250,904

The movement of allowance for doubtful accounts is as follows:

	2010	2009
Balance at beginning of year	$ 669,090	$ 801,090
Amounts written off during the year	(404,378)	(655,211)
Amounts recovered during the year	29,419	106,176
Allowance recognized in the consolidated statement of comprehensive income	354,959	417,035
Balance at the end of the year	$ 649,090	$ 669,090

Aging of impaired trade receivables is as follows:

	2010	2009
90 – 120 days	$ 232,345	$ 243,674
Greater than 120 days	410,548	555,913
	$ 642,893	$ 799,587

5. INVESTMENT IN SRG

The investment comprises a purchase option (the "Option"), which under certain conditions, allows the Company to acquire a portion or all of the outstanding shares in Systems Resource Group Limited (SRG) a licensed telecommunications operator. The investment is carried at cost which is inclusive of all the costs associated with acquiring and developing the investment.

On September 10th 2010 the Company, SRG and all of the shareholders of SRG entered into a Share Purchase Agreement whereby the Company can purchase all outstanding shares in SRG for an agreed purchase price of $7,935,396. However this price is subject to adjustment after a post-closing audit of SRG is completed.

The Share Purchase Agreement was subject to certain approvals by the Utilities Regulation and Competition Authority (URCA) and the Federal Communications Commission (FCC). An application was made to URCA on September 17th 2010 and the approval was received on February 4th 2011.

Management regularly reviews the financial results of the operations of the underlying asset supporting the option. In addition, an independent audit of the said operations is performed on an annual basis. Based on these analyses and the ongoing reviews of market and competitive factors, management has determined that there has been no impairment in the value of the option.

6. LONG-TERM RECEIVABLES

Long-term receivables are due from SRG and comprise the following:

	2010	2009
Finance lease receivable	$ 3,125,136	$ 2,847,792
Promissory note receivable	197,211	460,160
	3,322,347	3,307,952
Less: current portion	(3,322,347)	(580,187)
	$ -	$ 2,727,765

a. Finance lease receivable

	2010	2009	2010	2009
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
Amounts receivable under finance lease:				
Within one year	$ 3,293,661	$ 615,129	$ 3,095,908	$ 584,268
In the second year	-	2,666,653	-	2,120,764
	3,293,661	3,281,782	3,095,908	2,705,032
Less: unearned finance income	(168,525)	(433,990)	-	-
TOTAL	$ 3,125,136	$ 2,847,792	$ 3,095,908	$ 2,705,032

The Company has entered into a capital lease agreement to lease certain systems and equipment. The lease is denominated in Bahamian dollars with interest accruing at a rate of 11.4% per annum. The term of the lease is six years and matures in July 2011, at which time no unguaranteed residual value will accrue to the Company since the residual value at the end of the lease will be transferred to the lessee.

At December 31, 2010 the fair value of the finance lease receivable approximates its carrying value.

b. Promissory note receivable

The promissory note represents the amount receivable relative to an indefeasible right of use agreement. The note has a term of six years and matures on September 1, 2011 with interest accruing at a rate of 11.4%. Total interest earned during the year was $35,880 (2009: $65,574). The balance on the note as at the end of the year was $197,211 (2009: $460,160) of which $197,211 (2009: $262,948) is receivable within one year and is included in current portion of long-term receivable on the consolidated statement of financial position.

Management has considered the creditworthiness of the long-term receivable and promissory note and based on the current operations of the third parties to these agreements there has been no indication that an impairment of these receivables exists at year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

7. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment during the year is as follows:

	LAND	COMMERCIAL BUILDINGS	VEHICLES	EQUIPMENT	CABLE SYSTEMS	FIBRE OPTIC NETWORK	WEB HOSTING SYSTEMS	TOTAL
COST								
Balance at Dec. 31, 2008	$1,903,526	$25,825,666	$1,872,790	$27,997,552	$137,003,739	$26,781,938	$567,856	$221,953,067
Additions	25,222	4,986,852	320,341	3,359,893	8,893,876	43,881	24,065	17,654,130
Transfer of assets	-	-	-	298,766	-	(298,766)	-	-
Disposals	-	-	(578,541)	(1,544,949)	-	-	-	(2,123,490)
Balance at Dec. 31, 2009	1,928,748	30,812,518	1,614,590	30,111,262	145,897,615	26,527,053	591,921	237,483,707
Additions	-	158,002	876,107	3,227,242	11,765,675	-	-	16,027,026
Transfer of assets	-	-	-	(86,542)	-	86,542	-	-
Disposals	-	-	(555,479)	(187,402)	-	-	-	(742,881)
Balance at Dec. 31, 2010	$1,928,748	$30,970,520	$1,935,218	$33,064,560	$157,663,290	$26,613,595	$591,921	$252,767,852
ACCUMULATED DEPRECIATION								
Balance at Dec. 31, 2008	$ -	$2,780,663	$1,150,216	$4,862,366	$47,256,367	$8,884,754	$442,618	$65,376,984
Depreciation	-	610,741	509,227	3,158,838	7,474,592	1,355,322	105,725	13,214,445
Transfer of assets	-	-	-	667,325	-	(667,325)	-	-
Disposals	-	-	(578,541)	(1,544,949)	-	-	-	(2,123,490)
Balance at Dec. 31, 2009	-	3,391,404	1,080,902	7,143,580	54,730,959	9,572,751	548,343	76,467,939
Depreciation	-	760,455	573,137	4,706,171	7,361,001	1,064,563	8,548	14,473,875
Transfer of assets	-	-	-	26,489	-	(26,489)	-	-
Disposals	-	-	(555,479)	(187,402)	-	-	-	(742,881)
Balance at Dec. 31, 2010	$ -	$4,151,859	$1,098,560	$11,688,838	$62,091,960	$10,610,825	$556,891	$90,198,933
CARRYING VALUE								
As at December 31, 2010	$ 1,928,748	$26,818,661	$836,658	$21,375,722	$95,571,330	$16,002,770	$35,030	$162,568,919
As at December 31, 2009	$ 1,928,748	$27,421,114	$533,688	$22,967,682	$91,166,656	$16,954,302	$43,578	$161,015,768

As at December 31, 2010, management has analyzed the Company's property, plant and equipment and concluded that there is no known impairment of these assets that exists. Among the factors considered in making this assessment are the nature of the asset and its use, the going concern assumption, and the absence of any obsolescence indications.

YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

8. INTANGIBLE ASSETS

Intangible assets consist of the following:

	ACQUIRED FRANCHISE LICENSE	COMMUNICATIONS VOICE LICENSE	ACQUIRED INTERNET CONTRACTS	TOTAL
COST				
Balance at December 31, 2009	$ 5,221,248	$ -	$ 1,200,000	$ 6,421,248
Additions	-	1,218,953	-	1,218,953
Balance at December 31, 2010	$ 5,221,248	$ 1,218,953	$ 1,200,000	$ 7,640,201
AMORTIZATION				
Balance at December 31, 2009	$ 1,915,836	$ -	$ 600,000	$ 2,515,836
Amortization for the year	130,536	-	120,000	250,536
Balance at December 31, 2010	$ 2,046,372	$ -	$ 720,000	$ 2,766,372
CARRYING VALUE				
December 31, 2010	$ 3,174,876	$ 1,218,953	$ 480,000	$ 4,873,829
December 31, 2009	$ 3,305,412	$ -	$ 600,000	$ 3,905,412

In 2010, the Company recognized the costs associated to fully utilize its Communications License and enter the voice market as an intangible asset. This cost included all legal and consulting costs incurred in meeting URCA obligations.

The costs associated with this new license totaled $1,218,953 at the end of 2010. It is the intention of management to amortise this cost over the remaining life of the license being 14 years on a straight line basis starting in February 2011, when the full power of the license was granted by URCA. This treatment follows the guidelines set forth in IAS 38.

9. LONG-TERM DEBT

In 2009, the Company refinanced its senior credit facility with a new $95 million facility comprised of a $27 million Term A Loan, a $10 million Revolver, a $43 million Delayed Draw Term Loan, and a $15 million Incremental Facility. The Company also has in place a mortgage on its corporate office complex. The loans are secured by a First Registered Demand Debenture creating a fixed and floating charge over all assets of the Company and its subsidiaries, guarantees and postponement of claims from Maxil and Caribbean and assignment of insurance policies over the assets of the Company and its subsidiaries. The total amount owing of $49,100,519 (2009: $72,745,137) under the loans bear interest at (a) LIBOR or Base Rate Advance plus applicable margins ranging from 1.5% to 3.5% for the US Dollar portions and; (b) Nassau Prime rate plus applicable margins ranging from 1.5% to 2.5% for the Bahamian Dollar portion. The margins applied are determined based on the Company's leverage ratio.

The loans are repayable in monthly and quarterly principal installments. Based upon the outstanding principal balance of $49,100,519 at December 31, 2010, the aggregate maturities are as follows:

Year	
2011	$ 4,584,597
2012	5,890,922
2013	7,000,000
2014	31,625,000
	$ 49,100,519

10. PREFERRED SHARES

Preferred shares consist of the following:

	2010	2009
CABLE BAHAMAS PREFERRED SHARES:		
Authorized:		
10,000 shares par value B$1,000		
25,000,000 shares par value B$0.01		
Issued: 10,000 shares par value B$1,000		
7% Series Three cumulative redeemable preferred shares at B$1,000	$ 10,000,000	$ 10,000,000
Less: liquidation redemption paid on 10,000 shares	(10,000,000)	-
Issued: 4,000,000 shares par value B$0.01		
8% Series Four cumulative redeemable convertible preferred shares at B$10	40,000,000	40,000,000
Issued: 20,000 shares par value B$0.01		
7% Series Five cumulative redeemable preferred shares at B$1,000	20,000,000	-
Sub-total	$ 60,000,000	$ 50,000,000
CARIBBEAN CROSSINGS PREFERRED SHARES:		
Authorized: 10,000,000 shares of B$0.01 per share:		
Issued and outstanding, beginning of year:		
1,000,000 (2009: 1,000,000) 8% Series A cumulative redeemable preferred shares at B$10	$ 5,000,000	$ 10,000,000
Less: liquidation redemption paid on 500,000 (2009: 500,000) shares	(5,000,000)	(5,000,000)
Issued and outstanding, end of year:		
500,000 (2009: 500,000) shares	-	5,000,000
Issued: 500,000 7% Series B cumulative redeemable preferred shares at B$10	5,000,000	5,000,000
	5,000,000	10,000,000
Sub-total	65,000,000	60,000,000
Less: current portion	(5,000,000)	(15,000,000)
TOTAL LONG-TERM PORTION	$ 60,000,000	$ 45,000,000

The 7% Series Three preferred shares were redeemed on June 30, 2010.

The 8% Series Four preferred shares are convertible into ordinary shares of the Company at $13.43 per ordinary share until August 31, 2011 and do not carry voting rights. The Series Four shares pay dividends semi-annually and redemption of all non-converted shares will begin on August 31, 2015 and will continue on each August 31 thereafter through and including August 31, 2019.

YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

The 7% Series Five preferred shares were issued on July 1, 2010. These shares do not carry voting and pay dividends semiannually the Company has the option to redeem the series five preferred shares after the second anniversary of the issue.

The Company unconditionally guarantees the dividends and redemption payments of the Series A and Series B cumulative redeemable preferred shares issued by Caribbean. The Series A shares were redeemed on July 1, 2010. The Series B shares mature on July 1, 2011. Caribbean has the option to redeem the Series B shares prior to the maturity date on or after the third anniversary of the issue.

Management has estimated that the fair value of the Company's redeemable preferred shares approximates its stated amount of $65,000,000 since its dividend rate is comparable to current market rates.

11. ORDINARY SHARE CAPITAL

Ordinary share capital is comprised of the following:

	2010	2009
Authorised: 20,000,000 Ordinary shares of B$1 each	$ 20,000,000	$ 20,000,000
Issued and fully paid	$ 19,631,824	$ 19,631,824

On April 2, 2009 Cable Bahamas entered into a Sale and Purchase agreement with Columbus Communications International to purchase its 5,954,600 shares in Cable Bahamas which were held by its wholly owned subsidiary, Columbus Communications Ltd., for $80 million, which equates to $13.43 per share (the "Transaction"). The purchase was funded through the issuance of $40 million in cumulative redeemable convertible preferred shares and the Company's loan facilities.

On December 24, 2009, the Company received the final required regulatory approval from the Federal Communication Commission to enable it to proceed with closing the Transaction and in accordance with IAS 39 this date was designated the Trade Date for recording the Transaction. The purchase of the shares was therefore treated as a "regular way transaction" and as at year-end all associated elements of the Transaction were recorded and accrued inclusive of the recognition of the proceeds of the $40 million cumulative redeemable convertible preferred shares and the undrawn $43 million loan facility specifically allocated in the Company's loan agreement for funding the Transaction.

The total cost to purchase the 5,954,600 shares inclusive of the agreed price, all legal, brokerage, and other associated costs was $85,017,607. In accordance with IFRS 7 and IFRS 32, the Transaction qualifies as a treasury share transaction and the total cost was recognized as such and recorded as a reduction in equity in the Consolidated Statement of Financial Position and the Consolidated Statement of Changes in Equity.

The "Funds held in escrow' as noted on the Consolidated Statement of Financial Position is inclusive of the recording and recognition of the proceeds of $40 million in cumulative redeemable convertible preferred shares, accrual of the undrawn $43 million loan facility and $800,000 in accrued interest receivable on the proceeds from the issuance of the cumulative redeemable convertible preferred Shares, which were held in an interest bearing account as at the end of 2009.

As a regulatory requirement pursuant to the Transaction the Company created the Cable Shares Trust, a Special Purpose Entity to hold 5 million of the shares purchased from Columbus. The Trust is governed by a Trust Declaration and administered by an independent trustee.

The Transaction was executed on BISX and the settlement date was January 28, 2010.

During the year the board of directors approved the continuation of the Company's share repurchase plan at prevailing market rates. As at year end, 83,805 shares had been repurchased at an aggregate cost of $902,038. The weighted average number of shares outstanding as of December 31, 2010 was 19,631,824 (2009: 19,655,477).

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in legal actions for which management is of the opinion that accrued liabilities are sufficient to meet any obligations that may arise there from. The Company has a facility for Corporate Visas, letter of credit, letter of guarantee and customs bond in the amount of $200,000 (2009: $200,000).

13. LICENSES AND AGREEMENTS

Communications License

In 1994, the Government of The Bahamas issued to the Company a license and a franchise for a period of 15 years to establish, maintain and operate a cable television system throughout The Bahamas, exclusive of Freeport, Grand Bahama. This license expired on October 13th 2009 and a new individual operating license and an individual spectrum license was issued to Cable Bahamas and its subsidiaries, for 15 years, to provide any network or carriage service in accordance with the conditions of the license, once the Utilities Regulation & Competition Authority ("URCA"), has confirmed Cable Bahamas' compliance with its Significant Market Power (SMP) obligations. On February 3rd 2011 the Utilities Regulation & Competition Authority ("URCA") confirmed that Cable Bahamas had met all of its Significant Market Power (SMP) obligations and is now able to move into other markets.

Cable Television License

Cable Freeport is licensed by the Grand Bahama Port Authority to exclusively conduct its cable television business in the Freeport area through the year 2054. During the term of both license agreements, the Company and Cable Freeport are required to pay license and franchise fees calculated as a percentage of revenue.

Internet and telecommunication licenses

Trinity Communication Ltd., a wholly-owned subsidiary of Caribbean, holds a Section 214 Common Carrier license from the Federal Communications Commission. This license allows Trinity to resell telecommunication services within the United States.

Utility agreements

Under the terms of agreements with Bahamas Electricity Corporation and Grand Bahama Power Company Ltd., the Company rents poles and other support structures.

14. OPERATING EXPENSES

Operating expenses consist of the following:

	2010	2009
Administrative	$ 12,133,026	$ 11,294,236
Programming	10,235,051	9,403,824
Network services	7,944,330	6,489,721
Technical	8,054,044	6,936,583
Government fees and regulatory fees	6,019,053	3,340,888
Marketing	2,550,491	1,592,923
	$ 46,935,995	$ 39,058,175

15. EMPLOYEE COMPENSATION

Included in property, plant and equipment and operating expenses is employee compensation totaling $3,298,816 and $15,150,386 respectively (2009: $2,749,306 and $13,316,510 respectively).

The Company is a participant in an externally managed pension plan. Under the terms of this defined contribution plan, the Company matches employee contributions to the plan up to a maximum of 5% of salary for its staff and 6% for executive management. During 2010, the Company's contribution to the plan amounted to $594,915 (2009: $593,242).

The Company has in place a share appreciation rights (SARs) plan that requires the Company to pay the intrinsic value of the SARs to the employee at the date of exercise. Participation in the plan is determined based on certain criteria as approved by the Board of Directors and members of the plan are granted participation units which vest in increments over a 5-year period. Any vested units which remain after any vested period is carried over to the subsequent period up to the expiry date of the plan. Any units not exercised by the expiry date become void. The units do not represent shares in the Company and as such employees are not granted ownership rights through this plan. The units are also not entitled to receive dividends.

The value of the units at the time of exercise is calculated using the difference in the exchange quoted market price of the Company's shares on the grant date and the exercise date, times the number of applicable units. During the year no additional rights were granted and 212,000 were exercised. At year end there were 217,000 (2009: 429,000) units outstanding. The fair value of the vested units, which was determined using the Black-Scholes option pricing model, was $64,486 (2009: $319,438).

16. RELATED PARTY BALANCES AND TRANSACTIONS

Compensation of directors and key executive personnel

	2010	2009
Short-term benefits	$ 1,436,504	$ 2,204,586
Post employment benefits	42,178	41,962
Share appreciation rights	13,690	104,616
	$ 1,492,372	$ 2,351,164

Total remuneration of directors and key executive personnel is determined by the compensation committee of the board of directors having regard to qualifications, performance and market trends. These balances are included in the operating expenses in the consolidated statement of comprehensive income.

Other related party balances and transactions

	2010	2009
Revenue	$ 103,529	$ 458,869
Accounts receivable, net	$ 13,975	$ 4,937,413
Property, plant and equipment	$ 88,787	$ 29,910
Accounts payable and accrued liabilities	$ 66,992	$ 3,389,264
Operating expenses	$ 346,726	$ 1,742,358

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, or curtail materially the scale of its operations or undertake a transaction on adverse terms.

In the opinion of management, with the exception of its investment, which is carried at cost, the estimated fair value of financial assets and financial liabilities, (which are the Company's cash, accounts receivable, inventory, prepaid expenses, intangible assets, current and non-current liabilities) at the consolidated statement of financial position date were not materially different from their carrying values either due to:

a. their immediate or short-term maturity;
b. interest rates that approximate current market rates or
c. carrying amounts that approximate or equal market value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 | (EXPRESSED IN BAHAMIAN DOLLARS)

18. SEGMENT INFORMATION

The details of the various service segments are as follows:

2010

	Cable	Cable Freeport	Caribbean	Maxil	Eliminations	Consolidated Totals
Revenue from external customers	$64,111,036	$10,862,240	$13,148,734	$ 741,426	$ -	$88,863,436
Intersegments revenues	$ 224,256	$ -	$ -	$ -	$ (224,256)	$ -
Interest expense/(Income)	$ 2,446,249	$ -	$ (35,880)	$ 19,234	$ (19,234)	$ 2,410,369
Depreciation and amortisation	$11,135,579	$ 1,330,536	$ 2,249,749	$ 8,548	$ -	$14,724,412
Reportable segment profit	$ 8,241,350	$ 4,367,004	$ 6,950,769	$ 432,537	$ -	$19,991,660
Reportable segment assets	$94,339,531	$40,954,530	$62,904,248	$ 52,710	$ -	$198,251,019
Expenditures	$38,281,348	$ 5,163,700	$ 3,434,096	$ 281,107	$ (224,256)	$46,935,995
Reportable segment liabilities	$129,459,356	$ 1,619,647	$ 5,805,048	$ 225,419	$ -	$137,109,470

2009

	Cable	Cable Freeport	Caribbean	Maxil	Eliminations	Consolidated Totals
Revenue from external customers	$60,643,132	$10,829,870	$12,562,775	$ 660,713	$ -	$84,696,490
Intersegments revenues	$ 224,257	$ -	$ 8,397,000	$ -	$ (8,621,257)	$ -
Interest expense	$ 1,975,616	$ -	$ (65,574)	$ 39,734	$ (39,734)	$ 1,910,042
Depreciation and amortisation	$10,010,470	$ 1,330,536	$ 2,105,750	$ 105,725	$ -	$ 13,552,481
Reportable segment profit	$ 8,623,625	$ 5,110,449	$ 14,498,325	$ 293,393	$ -	$ 28,525,792
Reportable segment assets	$247,628,520	$ 36,605,002	$ 61,072,265	$ 46,548	$ (64,689,421)	$ 280,662,914
Expenditures	$39,597,408	$ 4,388,885	$ 3,471,274	$ 221,861	$ (8,621,253)	$ 39,058,175
Reportable segment liabilities	$266,731,492	$ 1,637,125	$10,923,834	$ 651,794	$(45,699,504)	$234,244,741

Effective January 1 2009 IFRS 8 - Operating Segment (replaced IAS 14 – Segment Reporting) increased the level of disclosure required in the financial statements from basic statement of comprehensive income items to both statement of financial position and statement of comprehensive income items. The comparative amounts noted above have been re-presented in conformity with IFRS 8 – Operating Segments. The re-presentations have no impact on the prior year's consolidated financial statements.

19. RISK MANAGEMENT

There are a number of risks inherent in the telecommunications and cable television industry that the Company manages on an ongoing basis. Among these risks, the more significant are credit, operational, foreign exchange, liquidity, interest rate risk and capital risks.

Credit risk – Credit risk arises from the failure of a counterparty to perform according to terms of contracts. From this perspective, the Company's significant exposure to credit risk is primarily concentrated with customer accounts receivable, investments and balances due from related and affiliated parties. Customer deposits are maintained until the services are terminated to offset any outstanding balances due to the Company. In order to limit the amount of credit exposure, accounts in arrears for over 60 days are disconnected. Cash and investments are predominantly in Bahamian dollars and have been placed with high quality financial institutions. Balances due from related and affiliated parties are monitored on an on-going basis and are subject to offset at management's discretion.

Operational risk – Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human error or external events not related to credit, market or liquidity risks. The Company manages this risk by maintaining a comprehensive system of internal control, including organizational and procedural controls. The systems of internal control include written communication of the Company's policies and procedures governing corporate conduct and risk management; comprehensive business planning; effective segregation of duties; delegation of authority and personal accountability; careful selection and training of personnel and sound accounting policies, which are regularly updated. These controls are designed to provide the Company with reasonable assurance that assets are safeguarded against unauthorized use or disposition, liabilities are recognized, and the Company is in compliance with all regulatory requirements.

Foreign currency risk – The Company is exposed to foreign exchange risk arising from the payables denominated in US dollars and the portions of the long-term debt which is denominated in US dollars. However, the Company receives revenue in US dollars and mitigates this risk by utilizing funds received in US dollars to pay the US dollar invoices. The Company has no significant concentrations of assets and/or liabilities denominated in other currencies. The Company manages these positions by matching assets with liabilities wherever possible.

Liquidity risk – Liquidity risk reflects the risk that the Company will not be able to meet an obligation when it becomes due or honor a credit request to a customer and/or related party. The Company maintains a satisfactory portion of its assets in cash and other liquid assets to mitigate this risk. In addition, the Company keeps its trade payables within agreed upon terms with its vendors. On a daily basis, the Company monitors its cash and other liquid assets to ensure that they sufficiently meet the Company's liquidity requirements.

Interest rate risk – Interest rate risk is the potential for a negative impact on the consolidated statement of financial position or the consolidated statement of comprehensive income arising from adverse changes in the value of financial instruments as a result of changes in interest rates. The Company manages interest cost using a mixture of fixed-rate and variable-rate debt.

Capital risk management - The Board of Directors manages the Company's capital to ensure that it has a strong capital base to support the development of its business. The Board of Directors seeks to maximize the return to shareholders through optimization of the Company's debt and equity balance. The Company's risk management structure promotes making sound business decisions by balancing risk and reward. The Directors promote revenue generating activities that are consistent with the Company's risk appetite, policies and the maximization of shareholder return. The capital structure of the Company consists of preference shares and equity attributable to the common equity holders of the Company, comprising issued capital and retained earnings as disclosed in notes 10 and 11. The Board of Directors reviews the capital structure at least annually. As part of this review, the Board considers the cost of the capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company manages its capital structure through the payment of common and preference dividends, the redemption of preferred shares, through normal course issuer and bids and the restructuring of the capital base. The Company's strategy is unchanged from 2009.

20. SUBSEQUENT EVENT

On March 31, 2011 the Company paid a dividend of $0.08 per share to its ordinary shareholders of a record date of March 18, 2011. The total dividend paid was $1,493,457.92.

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Gary Kain
Director

Mr. Anthony Butler
Director

OFFICERS

Mr. Anthony Butler
President and CEO

Mr. Barry Williams
Senior Vice President of Finance

Mr. John Gomez
Vice President of Engineering

Mr. Blaine Schafer
Vice President of ITS Operations

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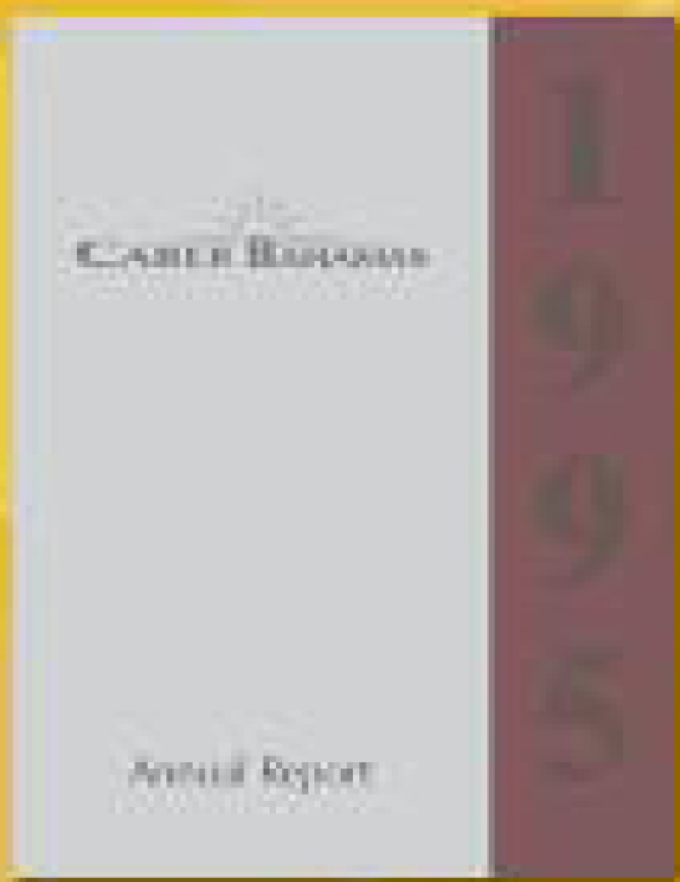
16 YEARS OF GROWTH IN THE BAHAMAS



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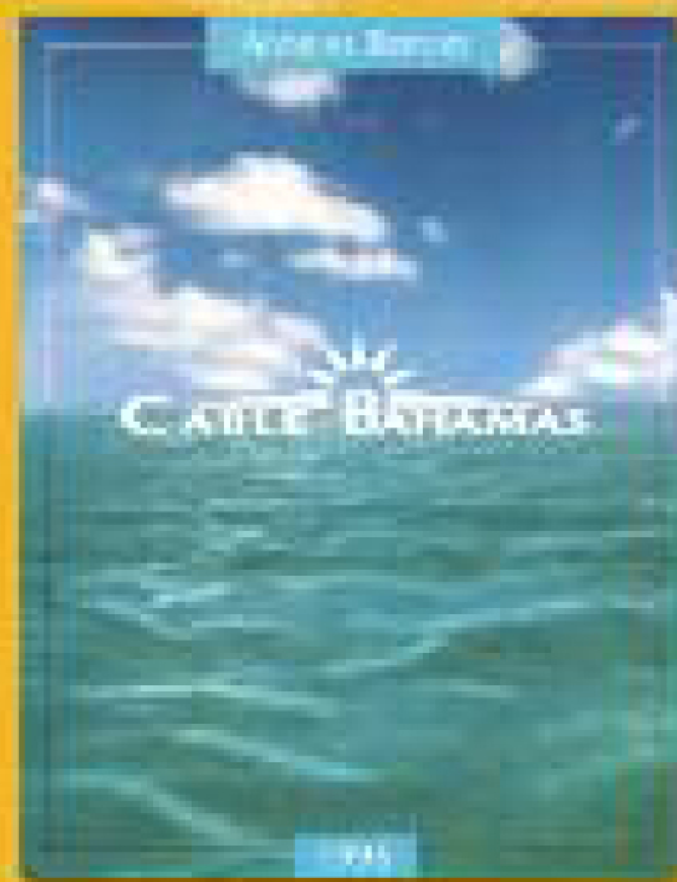

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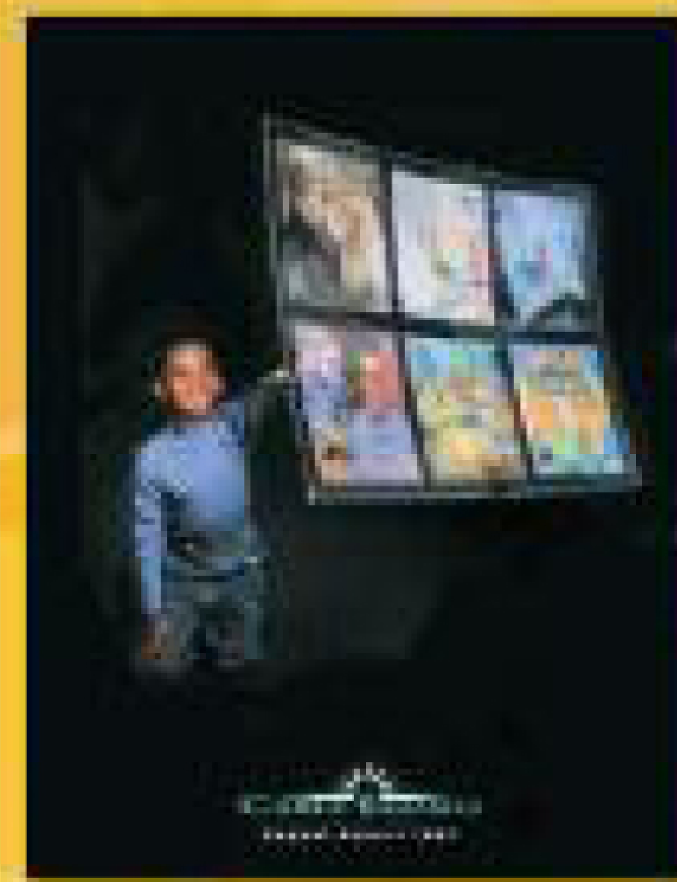

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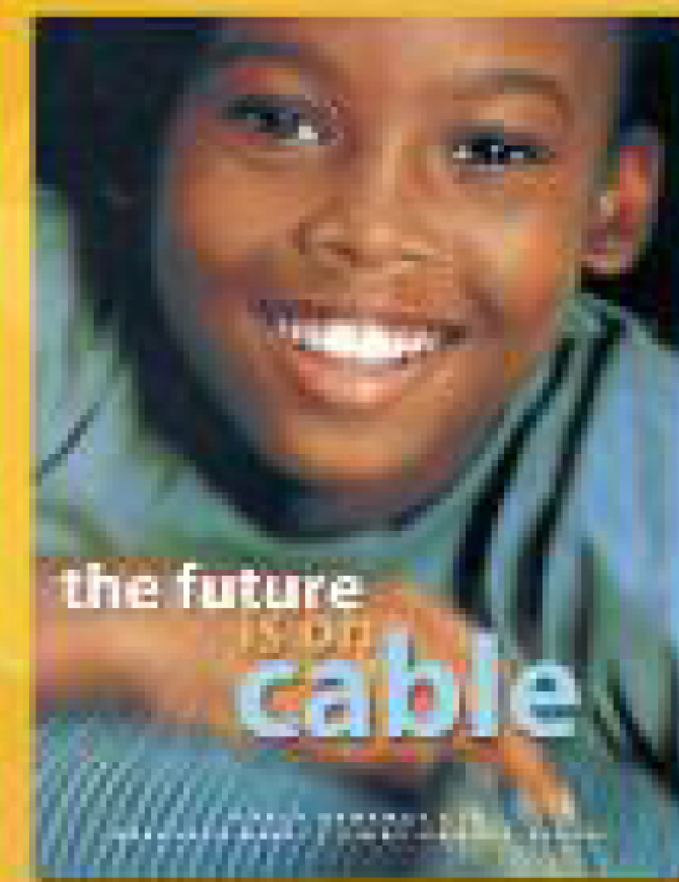

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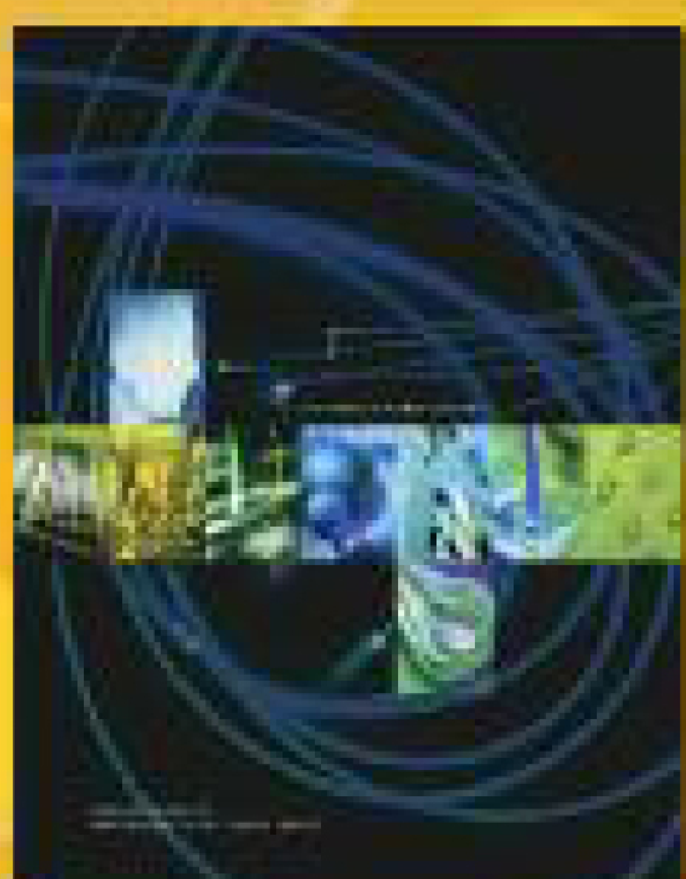

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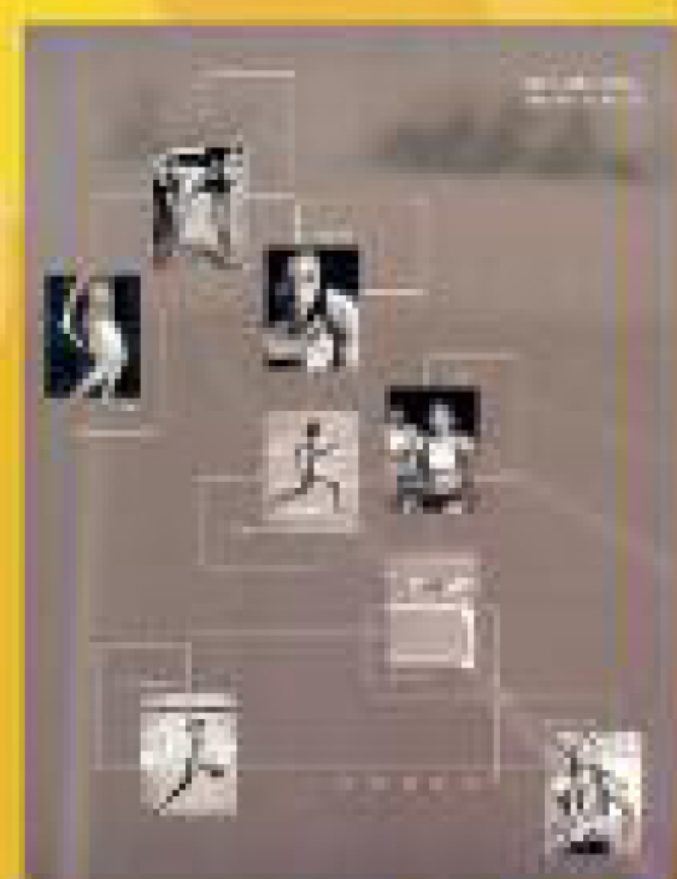

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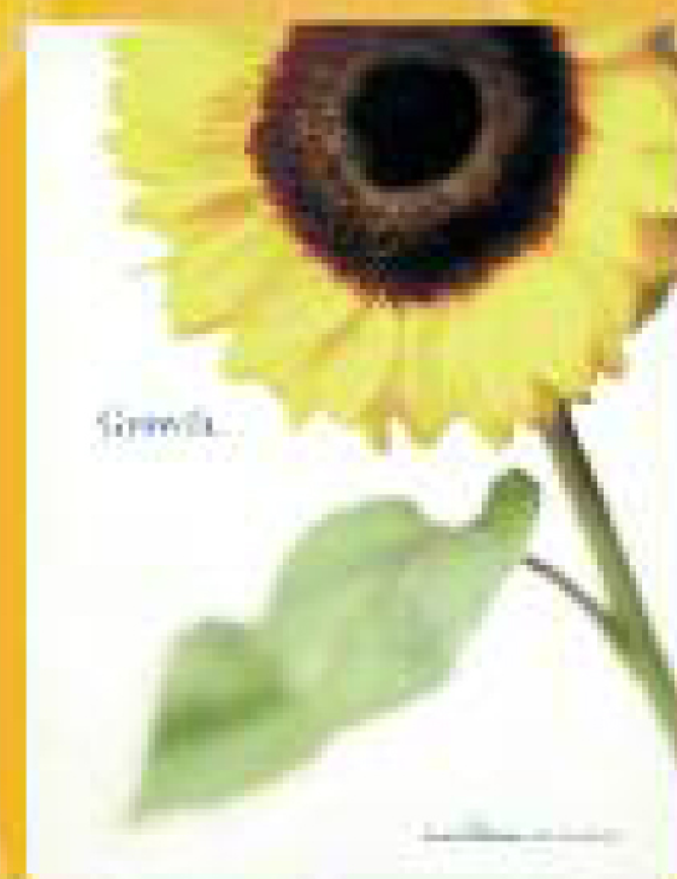

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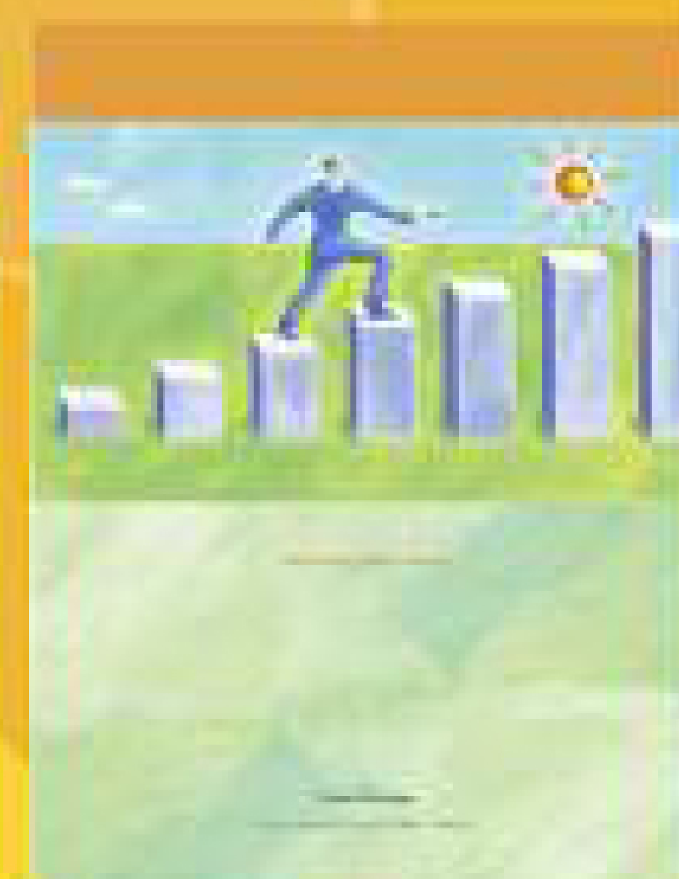

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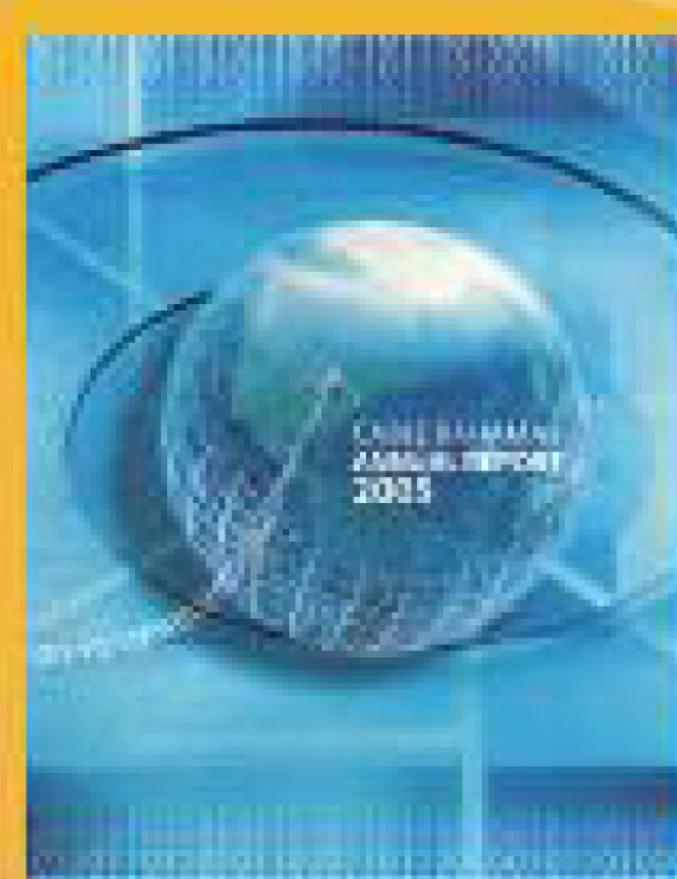

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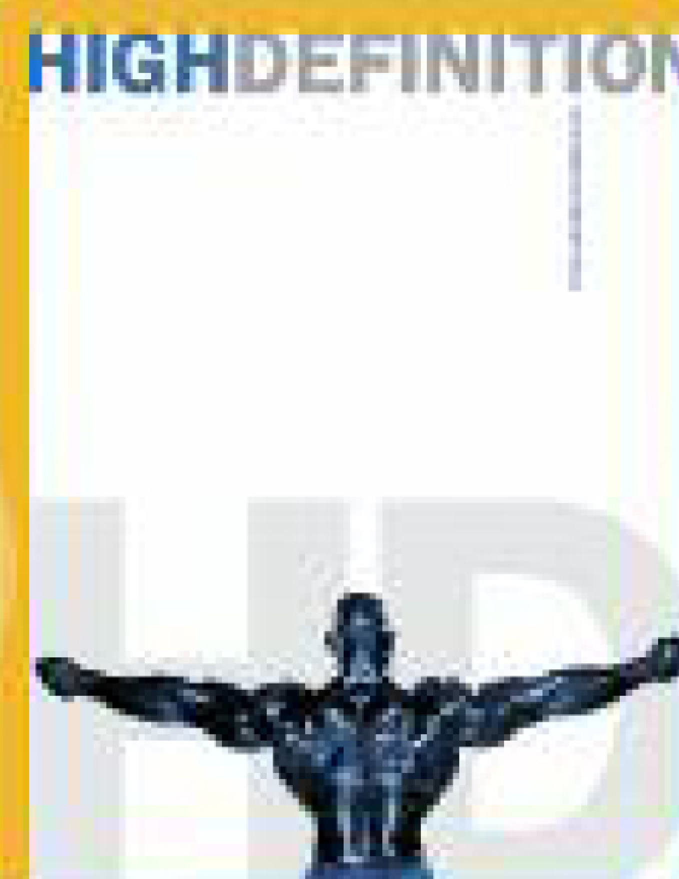

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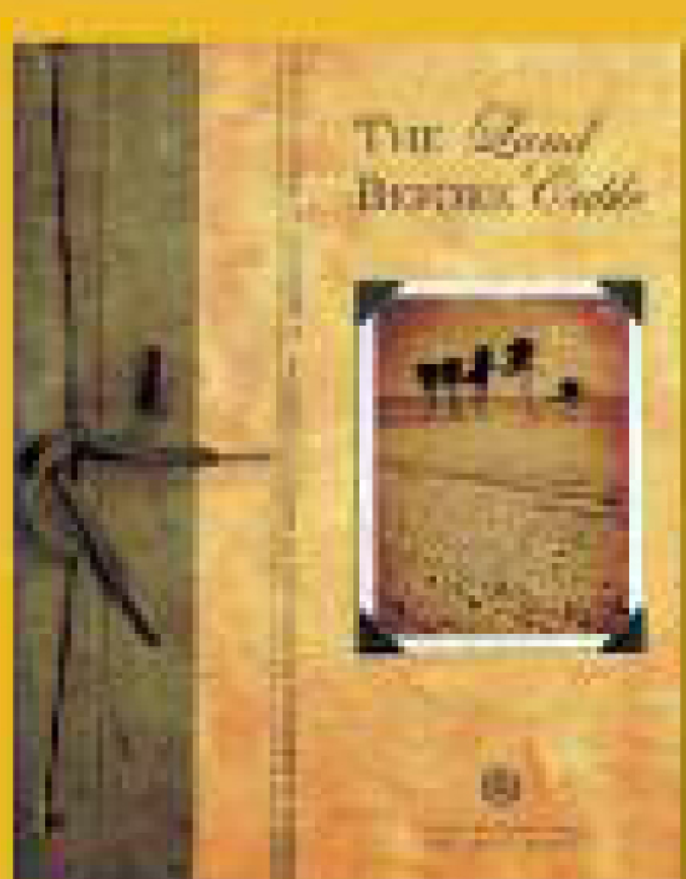
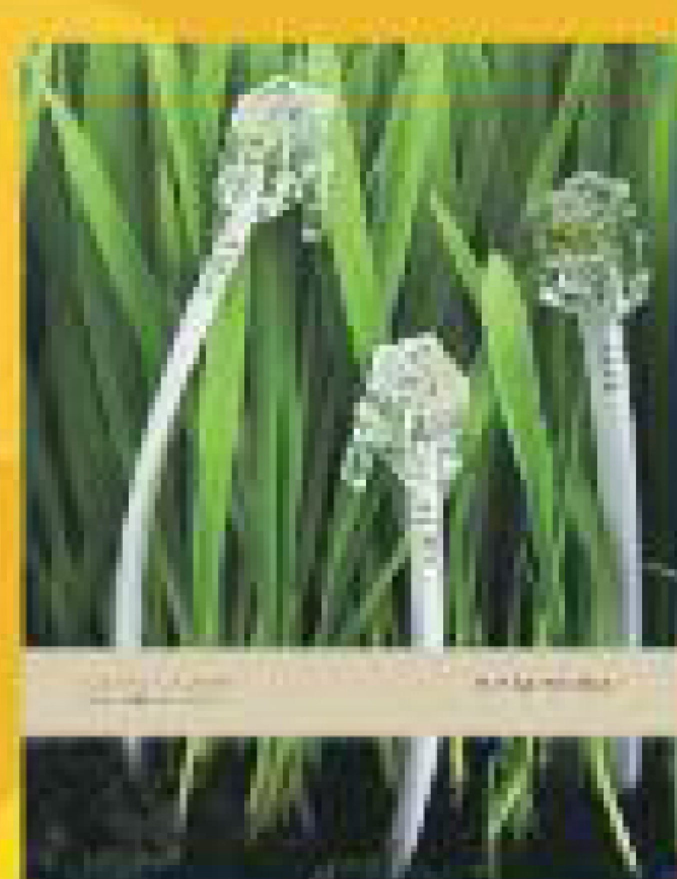


2007

2008



2009

2010